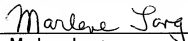


I hereby certify that this Substitute Brief under Provisions Of 37 CFR 41.37(c) is being electronically filed in the United States Patent Office on **May 4, 2009**.

  
\_\_\_\_\_  
Marlene Lang

May 4, 2009

**In the United States Patent & Trademark  
Office Before the Board of Patent Appeals and  
Interferences**

Appellant: Warren E. Friss, et. al.  
Serial No: 09/488,107  
Filed: January 20, 2000  
For: METHOD AND APPARATUS FOR OFFERING FOR SALE  
COLLECTIBLES ON PRIMARY AND SECONDARY MARKETS  
  
Examiner: Jagdish N. Patel  
Art Unit: 3693

**SUBSTITUTE BRIEF UNDER PROVISIONS OF 37 CFR 41.37(c)**

Commissioner for Patents  
P. O. Box 1450  
Alexandria, VA 22313-1450

Dear Sir:

**REAL PARTY IN INTEREST**

The real party in interest is The Topps Company, Inc., assignee of this application from all of the inventors, namely Warren E. Friss and Steven J. Katz.

**STATUS OF CLAIMS PAGE 2**

The statement of the status of the claims is as follows:

Claim 70 has been allowed.

Claims 108, 109, 54 and 55 have been indicated as being allowable if written in independent form.

Claims 34-38, 41, 43-52, 56-57, 62-76, 59-61, 77-107, 110-141 have been appealed.

**GROUND OF REJECTION TO BE REVIEWED ON APPEAL**

Nine grounds for rejection are presented for review in this appeal:

- (1) The first ground of rejection reviews whether the Examiner has reviewed this application in accordance with *KSR* and *Graham v. John Deere*.
- (2) The second ground of rejection reviews whether *Bilski* is the sole basis for patent-eligible subject matter under 35 U.S.C. §101.
- (3) The third ground of rejection reviews whether there is a proper basis for the so-called Non-Functional Descriptive Material Rejection under 35 U.S.C. §101.
- (4) The fourth ground of rejection reviews whether the Examiner has failed to show that Appellants' Claims 72, 41, 43-45, 47, 48, and 50-52 are indefinite under 35 U.S.C. §112, second .
- (5) The fifth ground of rejection reviews whether the Examiner has constructed a record that satisfies the "sufficient evidence" standard to conclude that Claims 102, 103, 49-51, 56 and 57 are anticipated under 35 U.S.C. §102(b) over U.S. Patent Nos. 5,845,265 or 6,266,651 of Woolston.
- (6) The sixth ground of rejection reviews whether the Examiner has constructed a record that satisfies the "sufficient evidence" standard to conclude that claims 71, 72, 34-38, 44-48, 59-61, 73-76, 77-84, 86-95, and 110-115 are obvious under 35 U.S.C. § 103(a) over U.S. Patent Nos. 5,845,265 or 6,266,651 of Woolston and further in view of U.S. Patent No. 6,606,608 of Bezos, and being deemed to be "Non-Functional Descriptive Material.

(7) The seventh ground of rejection reviews whether the Examiner has constructed a record that satisfies the “sufficient evidence” standard to conclude that claims 96-101, and 137-141 are obvious under 35 U.S.C. § 103(a) over U.S. Patent Nos. 5,845,265 or 6,266,651 of Woolston in view of U.S. Patent No. 6,606,608 of Bezos.

(8) The eighth ground of rejection reviews whether the Examiner has constructed a record that satisfies “the sufficient evidence” standard to conclude that claims 131-136 are obvious under 35 U.S.C. § 103(a) over U.S. Patent Nos. 5,845,265 or 6,266,651 of Woolston and that any difference in the aforementioned claims and the cited references is disclosed by the subject matter of which the Examiner has taken Official Notice.

(9) The ninth ground of rejection reviews whether the Examiner has constructed a record that satisfies “the sufficient evidence” standard to conclude that claims 41, 43, 52, 62-69, 82-85 104-107 and 115-118 are obvious under 35 U.S.C. § 103(a) over U.S. Patent Nos. 5,845,265 or 6,266,651 of Woolston, and is disclosed by the subject matter of which the Examiner has taken Official Notice, is inherent in view of the cited reference, and/or that any difference in the aforementioned claims and the cited references is “Non-Functional Descriptive Material” and therefore is ignored in determination of patentable subject matter.

(10) The tenth ground of rejection reviews whether the Examiner has constructed a record that satisfies the sufficient evidence standard to conclude that claims 119-130 are obvious under 35 U.S.C. § 103(a) over U.S. Patent Nos. 5,845,265 or 6,266,651 of Woolston, and that any difference in the aforementioned claims and the cited references is “Non-Functional Descriptive

Material” and therefore is ignored for determination of obviousness and, further, is inherently taught by the above noted references.

**ARGUMENT PAGES 5-: The First Ground of Rejection Reviews Whether the Examiner Has Reviewed This Application in Accordance with *KSR* and *Graham v. John Deere*.**

The Examiner notes his reliance on the recent decision of the Supreme Court in *KSR International Co. v. Telfes Inc. (KSR)* (850 U.S. \_\_\_, 82 USPQ2d 1385 (2007)). It is respectfully asserted that the Examiner has not met that standard which KSR requires of Examiners to establish that an invention is obvious and to inform Appellant of that holding.

In KSR, the Supreme Court adopted the analysis for determining obviousness as stated in *Graham v. John Deere Co.* (383 U.S. 1, 148 USPQ 459 (1966)). According to the Supreme Court, obviousness is a question based on underlying factual inquires, which include the following: 1) determining the scope and content of the prior art; 2) ascertaining the differences between the invention and the prior art; and 3) resolving the level of ordinary skill in the relevant art.

When making an obviousness rejection, the Examiner must provide a written record that must include findings of fact that result from the three factual inquires that are required by *Graham*. Once the findings of fact are articulated, the Examiner must also provide an explanation to Appellants to support his obviousness rejection under 35 U.S.C. 103. 35 U.S.C. 132 requires that the Appellants be notified of the reasons for his rejections of Appellants’ claims.

Further, the Supreme Court has held that decisions of the U.S. Patent and Trademark Office (USPTO) must meet the “Substantial Evidence” Standard of the Administration Procedure Act (“APA”) to support a conclusion that a claim at issue is unpatentable. *Dickenson v. Zurko*, 527 U.S. 150, 50 USPQ2d 1930 (1999). To satisfy the “substantial evidence” standard and, therefore, establish a *prima facie* case of anticipation under 35 U.S.C. 102 or obviousness under 35 U.S.C. 103(a), the USPTO has the initial burden of establishing unpatentability.

To establish a *prima facie* case based upon anticipation requires substantial evidence of all the limitations of the claim being examined. In particular, to support a conclusion that a claimed invention lacks novelty under 35 U.S.C. §102, a single reference must teach all of the elements of a claim. *Hybritech Inc. v. Monoclonal Antibodies, Inc.*, 802 F.2d 1367, 1379, 231 USPQ 81, 90 (Fed. Cir. 1986).

On the other hand to establish obviousness under 35 U.S.C. 103, the Examiner must perform Graham’s three factual inquiries as described above. As will be described in detail below, the undersigned has reviewed all of the claims and has found that the Examiner has failed to provide a written record of the results of his three factual inquiries as to obviousness of the following independent claims: Further, the undersigned has reviewed all of the independent claims that were rejected as being anticipated under 35 U.S.C. 102 and finds that there was no showing that the prior art anticipated each recitation of the claims on appeal.

**ARGUMENT ON PAGE 6-: The Second Ground Of Rejection Reviews Whether *Bilski* Is The Sole Basis For Patent-Eligible Subject Matter Under 35 U.S.C. §101.**

***Bilski* “Holds Inadequate” Non-Function Description Material Test For Patent-Ineligible Subject Matter.**

The Manual of Patent Examining Procedure (MPEP 2106.01) focuses on computer Related Inventions and, in particular, on how such inventions may be parsed to determine which are patent-eligible subject matter under 35 U.S.C. Paragraph §101 and which are not. In the context of computer implemented inventions, such inventions that are determined to be patent-eligible subject matter at least by the Examiner are thereby defined as “functional descriptive material”, whereas computer related inventions deemed not to be patent-eligible subject matter are defined as “non-functional descriptive material”.

In particular, “functional descriptive material” consists of data structures and computer programs which impart functionality when employed as a computer component. (The definition of (a) “data structure” is “a physical or logical relationship among data elements, designed to support specific data manipulation functions”.) When functional descriptive material is recorded on some computer-readable medium, it becomes structurally and functionally interrelated to the medium and will be statutory (patent-eligible subject material ) in most cases since use of technology permits the function of the descriptive material to be realized. On the other hand, “nonfunctional descriptive material” includes but is not limited to music, literary works, and a compilation or mere arrangement of data. When nonfunctional descriptive material is recorded on some computer-readable medium or in a computer, it is not patent-eligible since

no requisite functionality is present to satisfy the practical application requirement. Merely claiming nonfunctional descriptive material, i.e., abstract ideas, stored on a computer-readable medium, in a computer does not make it statutory. See *Diamond v. Diehr*, 450 U.S. 175, 185-86, 209 USPQ 1, 8 (noting that the claims for an algorithm in *Benson* were unpatentable as abstract ideas because “the sole practical application of the algorithm was in connection with the programming of a general purpose computer”). In most instances, such non-functional descriptive material will not be deemed to be patent-eligible subject matter. Data structures not claimed as embodied in computer-readable media are descriptive material *per se* and are not statutory because they are not capable of causing functional change in the computer. See, e.g., *Warmerdam*, 33 F.3d at 1361, 31 USPQ2d at 1760 (claim to a data structure *per se* held non-statutory). Such claimed data structures do not define any structural and functional interrelations between the data structure and other claimed aspects of the invention which permit the data structure’s functionality to be realized. In contrast, a claimed computer-readable medium encoded with a data structure defines structural and functional interrelationships between the data structure and the computer software and hardware components which permit the data structure’s functionality to be realized, and is thus patent-eligible.

On October 30, 2008, the Court of Appeals for the Federal Circuits (Federal Circuit) addressed in *In re Bilski (Bilski)*, the issue of whether the invention sought to be protected was patent-eligible subject matter (statutory) under 35 USC 101.



The Federal Circuit, relying on the Supreme Court's *Benson* decision, held that,

"A claimed process is surely patent-eligible under § 101 if:

- (1) it is tied to a particular machine or apparatus, or (2) it transforms a particular article into a different state or thing. See *Benson*, 409 U.S. at 70."

Noting the Federal Circuit's abbreviated title for its tests (the machine-or-transformation test), the Federal Circuit concluded that:

"We believe that the Supreme Court spoke of the machine-or-transformation test as the 'clue' to (define) patent-eligibility because the test is the tool used to determine whether a claim is drawn to a statutory 'process' - the statute does not itself explicitly mention machine implementation or transformation. We do not consider the word 'clue' to indicate that the machine-or-implementation test is optional or merely advisory. Rather, the Court described it as the clue, not merely "a" clue. See *Benson*, 409 U.S. at 70."

To confirm its sole reliance on the machine-or-transformation test, the Federal Circuit has indicated that the following tests are now also deemed to be "inadequate" and should not be further used : 1) *Freeman-Walter- Abele*; 2) *State Street*; 3) *Allapat*; and 4) the so called "technological arts test."

Thus, the Federal Circuit and the Patent and Trademark Office have only two (2) tests that they deemed adequate to determine whether an invention is patent-eligible or not. Thus, the undersigned respectfully asserts that the Examiner is obliged to use only one of these two

adequate tests to determine whether this invention recites patent-eligible subject matter. On the other hand, the Examiner is prohibited from using functional or non-functional descriptive material as urged by the Examiner to determine whether Appellants' invention was patentable-eligible subject matter.

The undersigned respectfully asserts that the adequate test, namely the machine-or-transformation test, does not involve or process any nonfunctional descriptive material. This adequate test is the only test authorized by the Federal Circuit to determine whether the invention has patentable eligibility and does not require the processing or searching for non-function descriptive material.

A comparison of the *Bilski* machine-or-transformation test with the non-functional description material test indicates that *Bilski* holds that the non-functional descriptive material test has been modified and is deemed now by the Federal Circuit to be "inadequate". Thus, the undersigned respectfully asserts that Appellants may use the machine-or-transformation test and that the Patent and Trademark Office will now be prohibited from using from applying a non-functional descriptive material test to the following claims of Appellants: 71-84, 77-84, 110-114, 119, 123, 62, 34-38, 44, 45, 47, 48, 59-61 and 86-95.

If the Board concludes that *Bilski* is not controlling as to the issue of whether Appellants' claims are deemed statutory or patent-eligible under 35 U.S.C. 101, the Board is respectfully requested to consider Appellants' discussion of the Functional Descriptive Material test as described in Appellants' Third Ground of Rejection.

**ARGUMENT: The Third Ground of Rejection Reviews Whether There is a Proper Basis For the So-Called “Non-Functional Descriptive Material Rejection” under 35 U.S.C. §101.**

**Decisions Relied Upon by the Examiner Do Not Support the Non-Functional Descriptive Material Rationale for His Rejection of Appellants’ Claims.**

The Examiner has applied a so-called “Non-Functional Material” test to determine whether certain elements or steps may be given weight in an obviousness or anticipation determination. In other words, elements or steps that are deemed to be “Non-Functional Descriptive Material” would not be given any weight in conducting these two determinations. In determining what elements or steps are deemed to be “Non-Functional Descriptive Material,” the Examiner has improperly applied the standard of “printed matter” on a substrate rather than that of data in memory on a computer. The undersigned respectfully questions the pertinence of this version of the “Non-Functional Material” test to reject the claims of this application. In support of the Examiner’s use of this test, he relies on the following decisions: *In re Schreiber*, 44 USPQ2d 1429 (CAFC 1997); *In re Gulack*, 217 USPQ 401 (CAFC 1983); *Ex parte Carver*, 227 USPQ 465 (BdPatApp&Int 1985); and *In re Lowry*, 32 USPQ2d 1031 (CAFC 1994). Such support is not well founded. First, *Schreiber* relates to the effect of intent to use recitations, which are not found in the claims and/or the specification of the patent application to be examined. *Gulack* upheld the patentability of certain “printed matter as being patentable under 35 U.S.C. Section 103. This decision is not applicable to Appellants’ invention. First, the Appellants’ invention does not relate to printed matter and, second, the Federal Circuit clearly limits this decision to printed matter. In particular, “printed matter” defines certain arrangements

of printed lines or characters, useful and intelligible only to the human mind. *In re Bernhart*, 417 F.2d 1395, 1399 (C.C.P.A. 1969). As such, those standards applicable to “printed matter” have no factual relevance where “the invention as defined by the claims requires that the information be processed not by the mind but by a machine, the computer.” *Id.* *Gullack* also held that the Federal Circuit relied heavily on the Supreme Court in *Graham v. Deere*. 148 USPQ 459 (1066), which held that the 1952 Patent Act requires that a claim be viewed as a whole in determining obviousness and that all limitations of claims must be considered in determining whether the claimed invention would be obvious. Further, the Federal Circuit explicitly held in *Lowry* that *Gulack* was not applicable to computer programs and/or data structures as those involved in the subject application. *Lowry* also noted “that *Gulack* cautioned against a liberal use of ‘printed matter’ rejections’ under 103.” In a similar fashion, the *Carver* decision of the Board of Patent Appeals’ does not support the Examiner’s rejection of Claims 71 and 104 – 109. In contrast to the Examiner’s rejection, this decision is based on 35 U.S.C. Section 101, wherein the Examiner divided the parsed recitations of the rejected claims into novel and non-novel recitations to identify a sound recording as the sole novel recitation and concluded that the novel recording was nonstatutory. The Board concluded that the point of novelty approach adopted by the Examiner conflicted with *Diehr*. In the subject application, all of the claim recitations which the Examiner analogizes to “printed matter” are stored as data in the computer and database systems which comprise Appellants’ invention thereby precluding there being “printed matter.” In an attempt to clarify the difference between data in memory and “printed matter,” the Commissioner in *In re Gary M. Beauregard*, Serial No.

07/521,858, stated “that computer programs embodied in a tangible medium, such as floppy diskettes, are patentable subject matter under 35 U.S.C. §101 and must be examined under 35 U.S.C. §§ 102 and 103.” Similar to the recitations in the subject application, the computer program in *Beauregard*, once embedded on the computer readable medium, are no longer “printed matter.”

Thus, Appellants respectfully assert that the Examiner must withdraw his rejection of Appellants’ claims as based on the so-called “Non-Functional Descriptive Material” rejection, and to fail to do so is clear error requiring the reversal of the rejection of Appellants’ claims.

***Gulack* Does Not Provide Authority to Reject Appellant’s Claims as Being Non-Functional Descriptive Material.** The Examiner’s reliance on *Gulack* to hold Appellants’ invention to be obvious under 35 USC Section 103(a) as being Non-Functional Descriptive Material in the form of mere printed matter is not factually relevant to Appellants’ invention. *Gulack* involved a substrate in the form of a continuous band and printed matter in the form of a cyclical sequence of characters mounted on the band at equal intervals. The characters are selected by an algorithm so that the band may be manipulated in a manner to perform magic tricks and/or to display various aspects of number theory. In *Gulack*, the Federal Circuit concluded that if patentable weight were to be given to the printed matter that there must exist an unobvious functional relationship between the printed matter (the sequence of characters) and the substrate (the band). The court concluded that there was such an unobvious relationship between *Gulack*’s characters and his characters, whereby patentable weight could be given to the printed matter and *Gulack*’s claims were deemed to be unobvious. The Examiner improperly adapts this

holding to the subject application stating that “when a process differs from the prior art only with respect to certain language (descriptive material) that cannot alter how the process steps are to [be] performed to achieve utility of the invention, then the descriptive material is rendered ‘non-functional’.” (Examiner’s Answer, page 11, 2<sup>nd</sup> paragraph).

*Lowry*, another decision relied upon by the Examiner, involved a data structure that comprised an arrangement of attribute data objects and managed the storage and retrieval of such a data structure from a memory. In *Lowry*, the Federal Circuit held that *Lowry*’s attribute data objects were not analogous to the “printed matter” of *Gulack* or the other printed matter cases. The court explained that, “The printed matter cases have no factual relevance where ‘the invention as defined by the claims requires that the information be processed not by the mind but by a machine, the computer.’” *In re Lowry*, 32 F.3d at 1583, 32 USPQ2d at 1034 (Fed. Cir. 1984). The *Lowry* court then noted that information stored as data on a computer may be characterized as non-functional only if a claim seeks to patent the actual content of that data or an abstract model represented by that data.

The Examiner has attempted to apply a printed matter test like that of *Gulack* to determine whether these claims are obvious under 35 USC Section 103(a). First the Examiner compares each recitation of a claim to the prior art, namely the Woolston patent and/or the Bezos patent, to determine which of these recitations are different or novel. If the Examiner’s test identifies one or more novel recitations, the Examiner then determines whether those novel recitation(s) are related to one or more of the other recitations of the claim being tested. In particular, the Examiner determines whether or not each novel recitation is “dependent” or

“functionally involved” with any of the other recitation(s) of the claim being tested and, if not dependent on or functionally involved with any recitation, the subject matter of that recitation(s) is deemed to be Non-Functional Descriptive Material. In other words, if the novel or different aspects of this invention are only found in recitations that do not depend or are not functionally involved with another step of the claim being tested, that recitation is deemed to be non-functional descriptive material. Such Non-Functional Descriptive Material recitations are not given patentable weight to determine whether a claim is obvious under 35 USC Section 103(a).

The Examiner relies on the *Gulack* and *Lowry* decisions of the Federal Circuit as authority to use the so called “Non-Functional Descriptive Material” test. A close study of *Gulack* and *Lowry* does not reveal a description therein of any test resembling that described above. *Gulack* upheld the patentability of a printed matter invention, whereas *Lowry* reversed a Board decision that a memory with a data structure or a programmed application stored therein was unpatentable as printed matter under 35 USC Section 103.

The *Lowry* court held that the printed matter decisions like that of *Gulack* were not factually relevant to inventions like that of Appellants where information is processed by a computer. Nevertheless, the Examiner improperly applies the “printed matter” standard of Non-Functional Descriptive Material to recitations in claims of the subject application which are information stored and processed as data in memory on the computer system which implements those claims.

As an example of this misuse of the “printed matter” exception, the Examiner, referring to claim 71 and 73, notes that “[a]s the Appellants have recognized on p. 30 ‘functional

descriptive material' comprises of data structure and computer programs which impart functionality when employed as a computer component. (The definition of 'data structures' is 'a physical or logical relationship among data elements, designed to support specific data manipulation functions').” (Examiner’s Answer, page 13, 2<sup>nd</sup> paragraph). The Examiner then concludes that “[t]he aforementioned data in the claimed invention do not support any manipulative functions (steps) as explained and therefore the examiner has properly treated the descriptive terms as nonfunctional.” (*Id.*). In making this statement, the Examiner has improperly expanded the “printed matter” definition of “Non-Functional Descriptive Material” to data structures stored on a computer which, as *Beauregard* states, cannot be “printed matter” because once stored on a computer system this data is processed and helps control that computer system and, as such, is a functional element of that computer.

Thus, Appellants respectfully assert that *Gulack* and *Lowry* do not support the Examiner’s holding that Appellants’ invention is unpatentable “printed matter.”

**The Examiner’s Use of the “Non-Functional Descriptive Material” Test Conflicts with *KSR* and *Graham v. Deere*.**

The Examiner has failed to consider the claimed invention as a whole by rejecting the disputed claims under section §103 using the “printed matter” exception. In doing so, the Examiner has given no patentable weight to individual functional recitations in each of the rejected process claims. This approach is flawed.

The Supreme Court has emphasized that claims must be considered as a whole for determinations under §§ 101, 102 and 103. Section §103 expressly requires that obviousness determinations be made on the “subject matter as a whole.” *Graham v. Deere*, 148 USPQ 459



(1966). The Courts have also mandated that the PTO “must consider all claim limitations when determining patentability of an invention over the prior art.” *Lowry*, 32 F.2d at 1582. More recently, the Supreme Court in *KSR v. Teleflex*, 82 USPQ2d 1385 (2007), reaffirmed this requirement stating that *Graham* had “set out a framework for applying the statutory language of §103, language itself based on the logic of the earlier decision in *Hotchkiss v. Greenwood*, 52 U.S. 248, 11 How. 248, 13 L. Ed. 683 (1851), and its progeny.” *Gulack*, the case the Examiner relies upon, appreciated the tension between the requirement of §103 to consider the invention as a whole and giving no weight to “printed matter” recitations, stating that the “printed matter exception under §103 stands on questionable legal and logical footing. Standing alone, the description of an element of the invention as printed matter tells nothing about the differences between the invention and the prior art or about whether that invention was suggested by the prior art... [The Court of Customs and Patent Appeals], notably weary of reiterating this point, clearly stated that printed matter may well constitute structural limitations upon which patentability can be predicted.” *Gulack*, 703 F.2d at 1385. Therefore, other than those limited elements which are truly “printed matter,” *Graham* and *KSR* do not permit non-functional recitations within a claim to be excluded when determining the obviousness of an invention as a whole.

The Examiner ignores the Court’s test by characterizing individual recitations within a claimed process as non-functional and thereafter giving these recitations no patentable weight, and finding the claimed process obvious based solely on the remaining steps of the process. Furthermore, in characterizing these recitations of data as non-functional, the Examiner has

improperly expanded the intentionally narrow definition of “printed matter” beyond “certain arrangements of printed lines or characters, useful and intelligible only to the human mind.” In determining the functionality of such recitations, the test (that follows the *Graham* and *KSR* decisions) first defines the underlying invention and then identifies how each recitation of data is associated with the claimed invention as a whole. According to the Examiner, a recitation of data is non-functional only if there is no association found between at least one recitation and the underlying invention. Specific examples of non-functional descriptive material, as provided by the MPEP, include music, literature, art, photographs and mere arrangements or compilations of facts or data which have no functional relationship to a process performed by that computer. (MPEP §2106(IV)(B)(1)(b)). The test does not, as stated by the Examiner, identify how these recitations “alter” a substrate. The Examiner’s methodology is clearly an improper application of the “printed matter” rejection which runs counter to the test set out in *Graham* and reaffirmed in *KSR* that obviousness determinations must be made on the “subject matter as a whole.” Appellant respectfully asserts that the evaluation of the claimed invention as a whole test of *Graham* and *KSR* prohibits the use of the Examiner’s “printed matter” test.

The Examiner sets forth that:

“The appellant’s arguments regarding certain limitations, words or phrases as not being functional limitations are not persuasive. For example, claim 71 recites “initial offering” of collectibles and that the “initial offering” is for a period of time “set by the issuer”. The examiner notes when a process differs from the prior art only with respect to certain language (descriptive material) that cannot alter how the process steps are to be performed to achieve utility of the invention, then the descriptive material is rendered “non-functional”. (Examiner’s Answer, page 11, 2<sup>nd</sup> paragraph).

The Examiner defines a test similar to the “printed matter” exception presented in *Gulack*, where “printed matter” was deemed functional only if it “alters” a substrate upon which it is supported, otherwise being non-functional and not usable to traverse prior art upon which the substrate reads. In other words, a step within a claimed process is deemed non-functional because that step does not alter the underlying process (substrate). The claimed process without that step is deemed to be obvious based solely on the remaining steps of the process. First, the Examiner may not determine obviousness solely on the remaining steps because *Graham* and *KSR* require him to evaluate the claim as a whole including those recitations that he has characterized as non-functional. Second, recitations of data stored in a memory are beyond the scope of the “printed matter” rejection and need not alter their substrate in order to be functional. Rather, elements such as data of a memory of a computer are functional simply because they effect the implementation of the process as a whole as defined by its claim.

The Examiner further states:

“In the process of claim 71, the offering of collectibles for sale to (potential) purchasers does not alter the functionality of the process. None of the process steps a) through e) are dependent upon or altered by the fact that the collectibles are offered initially or that the period of time is set by the issuer or by any other entity. In this regard these terms have been treated as non-functional descriptive material because they do not have any functional relationship to the underlying process. The examiner points out that the process of claim 71 cited above only differs from the prior art only with respect to these non functional descriptive material that cannot alter how the processes are to be performed to achieve the utility of the invention.”(Examiner’s Answer, page 12, 1<sup>st</sup> paragraph).

Here, the Examiner attempts to ignore the *Graham* and *KSR* test by stating that “the process of claim 71 cited above only differs from the prior art with respect to these non

functional descriptive material that cannot alter how the processes are to be performed to achieve the utility of the invention.” In determining whether this claim differs from the prior art, the Examiner must evaluate the claim as whole, including in his evaluation those recitations which he has characterized as non-functional. Furthermore, the Examiner has improperly applied the “printed matter” test for functionality on two individual recitations of data within the process defined by claim 71. Specifically, the Examiner characterizes the recitations of 71a) “initially offering collectibles” and “for a period of time set by the issuer” as non-functional “printed matter” because they (according to the Examiner) do not alter the functionality of the underlying process (substrate). However, as discussed above, these recitations of data stored in a memory on a computer are beyond the scope of the “printed matter” exception and its test of functionality.

The proper test of functionality for these recitations is first to define the underlying invention (if the Examiner’s printed matter test is not prohibited by the *Graham/KSR* test) and then to identify how each recitation of data is associated with that invention. Claim 71 defines a method comprising a programmed computer to provide an issuer the ability to initially offer collectibles for sale spanning a period of time which he defines, to receive orders, and to allocate the offered collectibles to selected purchasers while maintaining the collectibles in a manner which allows the issuer to guarantee their condition. Both recitations of 71a) have a clear and functional association with this claimed invention and the determination of obviousness must take into account these functional recitations. Specifically, the “initial offering of collectibles” is that

recitation of 71a) which initiates the following steps of 71b) “receiving orders from potential purchasers” and 71c) “allocating the offered collectibles among selected purchasers.” Similarly, the recitation 71a) “for a period of time set by the issuer” defines both how long orders will continue to be accepted and recitation 71c) sets the actual time to “allocate the offered collectibles among selected purchasers ---.” Therefore, both of these 71a) recitations are clearly functional in that they must be processed by and they clearly affect the process as a whole as defined in claim 71. Clearly, neither recitation resembles any of the examples provided by the MPEP of actual non-functional descriptive material such as music, literature, art, photographs and mere arrangements or compilations of facts or data which have no functional relationship to a process performed by that computer.

The Examiner, as required by *Graham* and *KSR*, must evaluate the obviousness of this claim as a whole without excluding those recitations 71b) and 17c) which he has improperly characterized as non-functional.

The Examiner goes on to state:

“In the process of claim 73, the claim refers to terms ‘uncirculated condition’ and ‘limited number’ which are treated as non-functional descriptive material because these terms do not alter the underlying process of the claim. The claim does not state that the process is any distinct due to the fact that the collectibles are of limited number. Similarly, whether the collectibles are uncirculated or not has no effect on the process steps of the claims and therefore properly treated as non-functional descriptive material.” (Examiner’s Answer, page 12, 2<sup>nd</sup> paragraph).

Here, the Examiner again attempts to ignore the invention as a whole test of *Graham* and *KSR* by stating that “whether the collectibles are uncirculated or not has no effect on the process

steps of the claims and therefore properly treated as non-functional descriptive material.” As in claim 71, the Examiner in determining whether this claim differs from the prior art must evaluate this claim as a whole, including those recitations which he has characterized as non-functional. Furthermore, the Examiner has again improperly applied the “printed matter” test of functionality on two recitations of the claim 73 that define data. The Examiner has improperly characterized the recitations of claim 73a) of “uncirculated condition” and “limited number” as non-functional “printed matter” because (in the opinion of the Examiner) they did not “alter” their substrate. However, as in claim 71, these recitations of data stored in a memory on a computer are beyond the scope of the “printed matter” exception and its test of functionality. The proper test of functionality for these recitations is first to define the underlying invention and then to identify how each recitation of data is associated with that invention. Claim 73 recites a server system comprising a plurality of remote terminals, each of which stores in its memory the predetermined condition, price and limited number of each collectible, calculates and transmits offers based on these variables, receives orders through the remote terminals, allocates the limited number of the collectables among successful purchasers, and creates and stores a record in memory of these purchases. Both recitations of 73a) have a clear and functional association with this claimed invention and requires that the determination of obviousness must include these functional recitations. In particular, the first step of the process defined in 73a) requires the system to “store in said memory an indication of the predetermined condition of each of, the price of each of and the limited number of the collectibles.” Each terminal processes, interprets and communicates this data, whereby a

“limited number” of collectibles are allocated and transmitted to the successful purchasers. These recitations are clearly functional since once processed by the system they clearly affect subsequent data that is intrinsic to the process as a whole as defined by claim 73. Therefore, both these recitations are clearly functional in that they must be processed by and they clearly affect the process as a whole as defined in claim 73. As with claim 71, neither of the recitations of claim 73 resembles any of the examples provided by the MPEP of nonfunctional descriptive material such as music, literature, art, photographs and mere arrangements or compilations of facts or data.

The Examiner, as required by *Graham* and *KSR*, must evaluate the obviousness of claim 73 as a whole without excluding any recitation that may be characterized as non-functional.

In rejecting claims as obvious under section §103 based upon the “printed matter” exception, the Examiner improperly disregards the functionality of individual recitations in determining the patentability of these claims. The Examiner must consider all the limitations of a claim without improperly disregarding specific recitations of the invention as a whole.

**The MPEP Does Not Provide Authority for the Use of the Non-Functional Descriptive Material Test in an Obvious Determination.**

There is no judicial or statutory authority for the application of the Examiner’s Non-Functional Descriptive Material test as applied above in the context of an obviousness determination under 35 U.S.C. Section 103(a) or anticipation under 35 U.S.C. 102. The Manual of Patent Examining Procedure (MPEP) IV.B.1.(a) and (b) respectively defines in the context of 35 U.S.C. Section 101 that a computer-readable medium encoded with a computer program is

functional descriptive material and, thus, statutory subject matter. By contrast, a computer that can only read out “Non-Functional Descriptive Material” such as music, literature, art, photographs and mere arrangements of facts or data from a computer is not deemed to be statutory subject matter and, therefore, could not be used to distinguish for Section 102 and 103 purposes their claims from the cited prior art. 2106 MPEP IV.B.1(a) and IV.B.1(b) define respectively “Functional Descriptive Material” and “Non-Functional Descriptive Material”. “Non-Functional Descriptive Material” can take, for example, the form of a data structure per se or a program listing, music, literature, art or mere compilations of facts or data and therefore, is not statutory subject matter. On the other hand, functional descriptive material may be used to encode a computer-readable medium, whereby the data structure defines structural and functional interrelationships between the data structure, such use most likely will be deemed to constitute statutory subject matter.

The MPEP Section 2106, IV.B.b indicates that, “ Nonfunctional descriptive material may be claimed in combination with other functional descriptive multi-media material on a computer-readable medium to provide the necessary functional and structural interrelationship to satisfy the requirement of 35 U.S.C. Section 101.” Thus even if Appellants would concede only for the purposes of argument that there was no functional relationship between certain steps of Appellants’ claims and that these claims would be deemed “Non-Functional Descriptive Material”, the combination of such nonfunctional descriptive material with functional descriptive material recited would satisfy the requirements of 35 U.S.C. Section 101.



Further, Appellants respectfully assert that the functionality of a set of claim recitations is implemented on a “programmed computer” that is recited by a further recitation will satisfy the requirement of being a functional descriptive material. In particular, the MPEP Section 2106 IV.B.1(a) states that, “(A) claimed computer-readable medium encoded with a computer program is a computer element which defines structural and functional interrelationships between the computer program and the rest of the computer which permits the computer program’s functionality to be realized, and” is a functional descriptive material and, thus, is statutory.

Though these terms, “Functional Descriptive Material” and “Non-Functional Descriptive Material” are defined in Section 2106 of the MPEP, they are not mentioned in any of the decisions cited by the Examiner. Section IV.B.1 of the 2106 MPEP states that, “Descriptive material can be characterized as either ‘Functional Descriptive Material’ or ‘nonfunctional descriptive material.’ In this context, ‘Functional Descriptive Material’ consists of data structures and computer programs which impart functionality when employed as a computer component. (The definition of a ‘data structure’ is ‘a physical or logical relationship among data elements, designed to support specific data manipulation functions’.” Examples of functional descriptive materials include a data structure or computer program that is stored on the memory of a computer or a computer readable medium, e.g., a CD. See Section IV.B.1 of the 2106 MPEP. Examples of nonfunctional descriptive materials include music, literature, art, photographs and mere arrangements of data, which “are merely stored so as to be read or outputted by a computer without creating any new function interrelationship either as part of the stored data or as part of the computing processes performed by the computer, then such

descriptive material alone does not impart functionality either to the data as so structured, or to the computer.” See Section VI.B.1(b) of the 2106 MPEP.

**ARGUMENT: The Fourth Ground of Rejection Reviews Whether the Examiner has Failed to Show that Appellants’ Claims 72, 41, 43-45, 47, 48, and 50-52 are Indefinite under 35 U.S.C. §112, Second.**

Appellants respectfully traverse the rejection of claims 72 , 49-50 and 81 as failing to provide an antecedent basis for the term, “collectibles,” as is recited in claims 71, 49 and 81, as discussed in detail below and in Appellants’ Brief at page 12. In the illustrative example of claims 71 and 72, claim 71 recites at recitation c) the term “offered collectibles” which provides precise support for the term “offered collectible” at the last line of claim 71. Appellants do use adjectives to indicate the stage at which the collectible is being process. For example in claims 71 and 72, claim 72 recites “offered collectible” and claim 49 recites “allocated collectibles, which indicate that the collectibles are now being allocated. Appellants respectfully assert that one skilled in the art would be readily informed of the change of state of a collectible. This reasoning of claims 71 and 72 is equally applicable to claims 49 and 50, and 81. For these reasons, Appellants respectfully request that the rejection under 35 U.S.C. Section 112, 2<sup>nd</sup> Paragraph be withdrawn and that these claims be allowed.

**ARGUMENT: The Fifth Ground of Rejection Reviews Whether the Examiner has Constructed a Record that Satisfies the “Sufficient Evidence” Standard to conclude that Claims 102, 103, 49-51, 52, 54, 55, 56 and 57 are anticipated under 35 U.S.C. §102(b) over U.S. Patent Nos. 5,845,265 or 6,266,651 of Woolston.**

**Claim 102** recites the method of facilitating an issuer of collectibles to manage the initial offering for sale of collectibles of a predetermined condition, said method comprising the steps of:

- a) offering for sale the collectibles;
  - b) allocating selected of the offered collectibles to selected of a plurality of potential purchasers;
  - c) creating for each of the selected purchasers a record;
  - d) implementing each of said steps a), b) and c) by a programmed computer;
- and
- e) maintaining the predetermined condition of the collectibles throughout steps a) to d).

At page 5 of the Examiner's Answer, he withdrew claims 102, 103, 49, 51, 56 and 57. The undersigned has reviewed carefully the Examiner's Answer without finding any further rejections of these claims and, therefore, respectfully request that these claims should now be allowed. Appellants respectfully traverse the rejection of claims 72, 49-50 and 81 as failing to prove an antecedent basis for the term, "collectibles," as is recited in claims 71, 49 and 81, as discussed in detail below and in Appellants' Brief at page 12. In the illustrative example of claims 71 and 72, claim 71 recites at recitation c) the term "offered collectibles" which provides precise support for the term "offered collectible" at the last line of claim 71. Appellants do use adjectives to indicate the stage at which the collectibles are being processed. For example in claims 71 and 72, claim 72 recites "offered collectible" and claim 49 recites "allocated

collectibles indicate that the collectibles are now being allocated. Appellants respectfully assert that one skilled in the art would be readily informed of the change of state of a collectible. This reasoning of claims 71 and 72 is equally applicable to claims 49 and 50, and 81. For these reasons, Appellants respectfully requests that the rejection under 35 U.S.C. Section 112, 2<sup>nd</sup> Paragraph and that these claims be allowed.

**Claim 103 recites** the method of managing the offering for sale of collectibles as claimed in claim 102, wherein there is further included a step of storing the predetermined condition of each of the allocated collectibles in its corresponding record.

**Claim 104 recites** the method of managing the offering for sale of collectibles as claimed in claim 102, wherein the step c) maintains the condition of the collectibles by placing a plurality of the collectibles in a benign environment.

**Claim 105 recites** the method of managing the offering for sale of collectibles as claimed in claim 102, wherein the step c) maintains the condition of the collectibles by placing at least one of the plurality of collectibles in a protective casing that encloses and protects the condition of the one collectible.

**Claim 106 recites** the method of managing the offering for sale of collectibles as claimed in claim 105, further including the step of maintaining the condition of the collectibles provides at least one tamper evident casing for receiving at least one collectible.

**Claim 107 recites** the method of managing the offering for sale of collectibles as claimed in claim 106, wherein step c) further maintains the condition of the collectibles by placing a plurality of the collectibles in a benign environment.

The Examiner at page 33 of his Answer asserts that **claims 104-107** are not patentable over certain methods of maintaining the condition of collectibles of which the Examiner has taken official notice to render these claims unpatentable. Further with respect to these claims, the Examiner has withdrawn at page 5 of his Examiner's Answer his 35 U.S.C 103 rejection of claims 104-107. Clarification is requested as to the present status and text of these claims.

**Claim 49 recites** a method of operating a server to receive over a network at least one order for collectibles from at least one of a plurality of potential purchasers, said server being programmed to implement said method comprising the steps of:

- a) providing at the server a purchaser history database;
- b) offering for sale an initial placement of a predetermined number of collectibles;
- c) receiving from one of the potential purchasers at least one order for a selected number of collectibles; and
- d) creating in response to the received one order an account in the purchaser history database for its potential purchaser, each account including a record of the purchasing activity of its potential purchaser.

**Claim 50 recites** the method of operating a server as claimed in claim 49, further comprising the step of making a second offering for sale at the direction of at least one purchaser of selected of the allocated collectibles on a secondary market.

**Claim 51 recites** the method of operating a server as claimed in claim 50, wherein there is further included the steps of receiving orders from at least one purchaser who placed an order

during said second offering for sale on said secondary market, and updating the purchaser's record for each received order that reflects the ordering activity of the purchaser.

**Claim 52 recites** the method of operating a server as claimed in 51, wherein said ordering activity includes receiving a number of said received orders, and there is included a step of incrementing the number of orders in response to the receipt of each order.

**With regard to claims 50-52**, Appellants respectfully assert they have traversed the Examiner's statement that Appellants have failed to challenge the Examiner's Official Notice. The undersigned notes that in Appellants' Brief dated December 21, 2006, they had challenged the Examiners Notice. The undersigned has reviewed the Examiners Answer of December 10, 2007 without finding the referred to Official Notice. Further, the undersigned notes that the Examiner has withdrawn claim 51, from which claim 52 depends. See page 5 of the Examiner's Answer.

**ARGUMENT: The Sixth Ground of Rejection Reviews Whether the Examiner Has Constructed a Record that Satisfies the "Sufficient Evidence" Standard to Conclude that Claims 71, 72, 34-38, 44-48, 73-76, 77-95, and 110-114 are Obvious Under 35 U.S.C. § 103(a) over U.S. Patent Nos. 5,845,265 or 6,266,651 of Woolston and Further in view of U.S. Patent No. 6,606,608 of Bezos, and Being Deemed to be "Non-Functional Descriptive Material.**

**Independent Claim 71 recites:** A method of facilitating an issuer of collectibles to manage an offering of collectibles for sale, each of the collectibles having a predetermined condition, said method comprising the steps of:

- a) initially offering for sale the collectibles to potential purchasers for a period of time set by the issuer;

- b) receiving orders from the ordering potential purchasers;
  - c) allocating the offered collectibles among selected of the ordering potential purchasers;
  - d) facilitating steps a), b) and c) by a programmed computer; and
  - e) maintaining the condition of the collectibles during steps a), b) and c),
- whereby the allocated collectibles are of the predetermined condition and the issuer may guarantee the condition of the allocated collectibles.

**Woolston does not disclose that collectables are initially issued and that a consignment node can also operate as an initial issuer of the collectibles.**

**Appellants assert that the invention of Claim 71** is directed to a method of facilitating an issuer of collectibles to manage an offering of collectibles to maintain the condition of allocated collectibles as recited in the preamble of claim 71. As described by the claim recitations, this method offers a plurality of collectables for sale to potential purchasers for a selected offering of collectibles as recited in Claim 71 b). The number of collectables is set by an issuer. An issuer or method of facilitating an issuer means according to the Random House Unabridged Dictionary, Second Edition, 1997, means “a quantity of something that is officially offered for sale or put into circulation at one time: a new issue of commemorative stamps; a new bond issue.” If the number of available collectibles exceeds the demand of the collectors, these orders are received as claimed in recitation 71 (b. The orders from the potential purchasers are allocated in Claim 71 c), whereby the collectibles are allocated among selected of the ordering potential purchasers.

The Examiner asserts that Woolston discloses just not the offering for sale of a single

good, but also a plurality of goods (col. 4, L61-col 5, L8; col. 5, L 58-col. 6,L45; and col. 3,L32-52. Though Woolston does offer plural goods, Woolston does not carry out an “initial offering,” whereas Appellants offer or issue plural goods at on time as defined above by the Random House Dictionary.

The allocated collectibles may be sent to an escrow, to the potential purchaser in a protective case or for sale to a purchaser on the secondary market. It will be appreciated that the user has the option at this point in the method to choose one of the three options as noted above. It is important that the issuer of collectibles be able to guarantee the condition of the collectibles at these points in the method when the collectables may be purchased, kept in the escrow or the collectible is sent to the potential purchaser.

**Claim 71 is directed** to a method of managing an initial offering of collectibles. The Examiner has cited the decision of the Board of Appeals and Interferences in KSR, which reads “when there is motivation to solve a problem and there are a finite number of identified, predictable solutions, a person of ordinary skill has good reason to pursue the known options within his or her grasp.” The existence of much less the number of solutions is dependent on the nature of the problem. Here, the Examiner in his rejection has stated the problem most generally resulting in a relative large number of solutions. However, claim 71 is directed to a narrower problem related to managing an initial offering (claim 71a) and to provide with assurance the condition of the allocated collectibles (claim e). In claim 71, the problem to solve is more difficult and thus there may be no or very few solutions, whereby one skilled in the art would not be disposed to have a solution to this problem. In this instance, Appellant has in step a) initially



offered a plurality of collectibles for a period of time as set by an issuer; in step b, collects orders from the ordering purchasers; in step c) allocates the offered collectible among selected of the ordering purchasers; and in e) maintains during the steps a) b), c) and d) the condition of the allocated collectibles. The invention of claim 71 focuses on assuring the guarantee of the allocated collectibles, which are the ones to be purchased and whose condition is maintained at this point in the cycle of offering and purchasing collectibles. As a result, the condition of the collectibles is maintained. For example, the Examiner states that, "maintaining condition of the collectible being offered is essential until the collectible is delivered to the purchaser ---."

Though claim 71 does not recite Appellants' maintaining the condition of a collectible while it is being delivered to the purchaser, the condition is also maintained after the collectibles have been delivered, initially offered for sale, received orders from purchasers and allocated. The purpose of Appellant's invention is to maintain the condition of the collectible without interruption from the time that it is issued until it is delivered to the purchaser.

The undersigned respectfully traverses the Examiner's statement that Woolston discloses that a collector or a node operator of collectibles become an issuer of collectibles when that collector bring his collectible to the consignment node. The Examiner further states that "whether the collectibles are new or have not been offered before does not patent ably distinguish the claim invention from the prior art." The definition of "issue" by the Random House Dictionary cited above clearly contradicts the Examiner's statements. First, an issuer is defined as that entity that places something into circulation at one time. The collector disclosed by Woolston does not put his/her goods into circulation at one time and therefore the Woolston

collectors are not issuers of collectibles as defined by dictionary above. Second, the above definition indicated that the goods are new. Thus Appellants recite his operator as an issuer of collectibles that conducts an allocation of collectibles, which is clearly and patent ably distinct from the teachings of Woolston.

**The Examiner has failed to establish a prima facie case for the issuance and allocation of a plurality of collectibles.**

One aspect of Appellants' invention involves the issuing of plural collectibles, receiving orders and allocating the purchased collectibles. More particularly, Appellant teaches a process that detects when there are more offers to purchase collectibles than available collectibles, it is necessary to allocate the available collectables among the potential purchasers. It is apparent that Appellants' claimed invention processes plural collectibles. On the other hand, the Examiner admits that only Woolston discloses the use of a single collectible and notes the following passages of Woolston which only disclose the use of a single collectible: col. 4 L 51- col. 5 L 8; 2) col. 5 L 58 – 6 L 45. The Examiner admits that "there is no teaching or suggestion that an issuer of a collector is restricted to offering of a single collectible." The Examiner would require that Woolston or another reference explicitly disclose a system that only operates with a single collectible. If there was such a restriction, Appellants respectfully asserts that burden of providing such a prior art teaching is on the Examiner. Further, Appellants' invention is not just about processing collectibles, but also involves processes involving plural collectibles, namely the allocating of collectibles among the purchasers that have placed orders for the collectibles. The Examiner also suggests the use of a "double tier" market, apparently referring to Woolston's

retail/wholesale system, but fails to suggest how Woolston's two tier system teaches Appellants' system as would include plural collectibles and the allocating thereof. The Examiner also mentions that participants sell at "buy at" and "sell at" prices and quantities without explaining the relevance of Woolston's marketing to the Appellants' invention. Though the Examiner asserts that Woolston uses a plurality of collectibles, it does not disclose the selling or issuing of collectibles or the allocation of the collectibles to purchasers who seek to purchase collectibles. Appellants will continue to use that analysis that were applied to this claim, See Appellants' Brief at page 25.

**Woolston does not disclose that the condition of the Collectables is maintained during the initial offering of collectibles and the receiving of orders from potential purchasers.**

The Examiner discusses the inherency of maintaining the condition of a collectible in most general terms. On the other hand, Appellant presents a much more complex system to conceive. Such complexity results from the need to offer the collectibles for sale, to order the collectibles and to allocate the collectibles, while maintaining the condition of the collectibles throughout the purchasing process.

The Examiner has listed the following collectibles whose value has been enhanced by maintaining their conditions: 1) a Rolex watch with a tag indicating that it is in mint condition and its history; and 2) collectible baseball cards with a plastic cover. Appellants' collectibles represent a more complex situation than the samples listed above and involve not only the means for maintaining the collectibles' conditions but also how the collectibles may be marketed on a primary market and a secondary market. Appellants in this situation were faced with the problem

of how to maintain the condition of the collectables and how to offer a collectible in a primary market, to offer the collectible for sale to potential purchasers, to receive the orders for the collectibles and, finally, allocating a limited number of the collectibles among the successful purchaser. In the Board decision of **KSR**, the Board reasoned that “when there is motivation to solve a problem and there are a finite number of identified, predictable solutions, a person of ordinary skill in the art has good reason to pursue the known options” and to find the solution. In this situation with Appellant, the motivation to solve the problem diminishes and the number of predictable solutions shrink due to the complexity of the problems resulting from both facilitating the transactions of the collectibles on the first and second markets, and of maintaining at the same time the condition of the collectables. Therefore, Appellants asserts that the system at issue is of a high complexity to prevent a holding that Appellants system is the result of mere common sense or is only inherent in view of the general practice of maintaining the condition of a collectable, e.g., merely using a plastic card to receive a collectable baseball card. Appellants will continue to apply the analysis to this claim 71 as taken from page 7 of Appellants’ Brief.

**Woolston fails to disclose maintaining continuously the condition of a collectible from the time that the collectible was issued until the time that the collectible was encapsulated for transmission to a collectible purchaser.**

The Examiner asserts that Woolston teaches “that maintaining condition of the collectibles being offered is essential until the collectible is delivered to the purchaser so that the collectible maintains its value.” On this basis, it is the Examiner’s assertion that Woolston when considered view of the common knowledge of one of ordinary skill in the art, teaches the process step of maintaining the condition the collectibles.” To support his position, the Examiner relies

on Figure 13 for its disclosure of a collectible whose condition is maintained. This figure illustrates a Rolex watch that is posted on a consignment node and, further, bears a field 956 that informs a potential purchaser that: 1) the watch is in "mint condition", and 2) it was "a gift to the previous original owner." Assuming that Rolex had an original owner and that it took care of its product up to its first sale, there is no information as to the kind of care given to the watch after the first purchase by the original owner, the care given by the second owner/donee or the care that is given by the consignment node to which the sale of the watch was entrusted. See page 11 of the Examiner's Answer. This illustrates the problem posed for collectibles, i.e., there is a need to maintain the care given at the original issuance of the watch, during the initial offering of the watch, the sale of the watch to the watches original purchasers, during the resale of the watch to a second purchaser and any subsequent purchaser, and during the distribution of the watch to another purchaser. Woolston does not recognize the problems of maintaining without interruption the condition of the watch (or any other collectible) through a series of sales and purchases of the watch. Though it is apparent that Woolston were aware at least basically of the need to maintain the condition and, therefore, the value of the watch, Woolston teaches away from the problems arising from the multiple sales of a collectible on the first and second market and the transmission of the collectible to a purchaser.

More particularly, Woolston is silent as to the care given to Woolston's watches from the time of 1) their manufacture or issuance, 2) their first sale, and 3) their subsequent posting of the watches on the consignment node. Due to the lack of care given to the Woolston watches, there can be no assurance as to their condition. By contrast, Appellants control the condition of

their collectibles from a time before the initial sale of the Appellants' collectibles, and extending back to the creation and/or issuing of these collectibles. It is clear that Appellants' collectibles are kept in a given condition from the original potential exposure, where as Woolston does not provide care of collectibles from this initial period extending back to the original exposure of the collectibles or to their issuances.

Therefore, Appellants respectfully assert that the problems posed to them are considerably more complex and different than those of which Woolston was aware, and that the "common knowledge" and the "skill of one in the art" contemplated by Woolston were far simpler than that need by Appellants to solve the complex problems posed to Appellants.

**Claim 72 recites:** The method of managing an offering of collectibles for sale as claimed in claim 71, therein is further included the step of determining whether the number of ordered collectibles exceeds the predetermined number of offered collectibles and, if so, allocating the predetermined number of offered collectibles among the ordering purchasers.

**Claim 34 recites:** The method of managing an offering of collectibles as claimed in claim 71, wherein step b) offers an initial offering of collectibles, and there is further included the step of offering for sale selected of the allocated collectibles on a secondary market at the direction of the purchasers of the allocated collectibles.

**With respect to Claim 34,** Appellants traverse the Examiner's interpretation that Woolston teaches that the "primary markets" of Appellants are the same wholesale or dealer to dealer sale as shown by Woolston. The analysis of Appellants with respect to claim 119 is also

applicable to claim 34 to show that Appellants' invention clearly and patentably distinguishes Woolston.

**Claim 35 recites:** The method of managing an offering of collectibles as claimed in claim 71, wherein the collectibles comprise trading cards.

**Claim 36 recites:** The method of managing an offering of collectibles as claimed in claim 71, wherein said offering of step b) is carried out for a first selected, predetermined period of time.

**Claim 37 recites:** The method of managing an offering of collectibles as claimed in claim 36, wherein said offering for sale on said secondary market is carried out for a second selected period of time.

**Claim 38 recites:** The method of managing an offering of collectibles as claimed in claim 37, wherein said second period of time is greater than said first period of time.

**With respect to claims 36, 37 and 38,** the analysis of claim 119 is equally applicable to show that claims 36, 37 and 38 do not relate to Appellants' primary and secondary markets and therefore do not obviate the invention of these claims. Further, claim 35 recites an offering step that lasts for a first predetermined of time. Claim 36 recites that an offer on the secondary market is carried out for a second periods of time, and claim 37 recites that the second period is longer than the first period. Appellants respectfully assert that claims 36-38 are in condition for allowance.

**Claim 44 recites:** The method of managing an initial offering of collectibles as claimed in claim 72, wherein there is further included the step of providing lots of the collectibles for offering for sale.

**Claim 45 recites:** The method of managing an initial offering of collectibles as claimed in claim 44, wherein there is further provided the step of providing collectibles of different kinds, and assembling the collectibles into lots such that each lot of the collectibles are of the same kind.

**Referring now to claims 44 and 45,** claim 44 recites that lots of collectibles are selected for offering for sale. Lots are defined by the Random House Unabridged Dictionary (second edition) as, “the casting or drawing of such objects as a method or deciding something to choose a person by lot, the decision or choice made by such a method.” Claim 44 recites lots of selected object by a method. Claim 45 recites a first step of providing objects of different kinds and a second step of assembling the objects collectible into lots of the same kind.

**Claim 46 recites:** The method of managing an initial offering of collectibles as claimed in claim 33, wherein there is further provided the step of enabling the purchasers of collectibles in said initial offering to elect to have an offering for sale administrator hold their purchased collectibles in escrow.

**Claim 47 recites:** The method of managing an initial offering of collectibles as claimed in claim 72, wherein there is further included the steps of providing a purchaser history database for keeping a record of each purchaser that has placed an order in the course of said initial



offering of the collectibles for sale, and updating data indicative of each collectible held in escrow in that record of the purchaser holding the escrowed collectible.

**Claim 48 recites:** The method of managing an initial offering of collectibles as claimed in claim 72, wherein there is further included the step of providing a purchaser history database for keeping a record for each purchaser that has placed an order in the course of said initial offering of the collectibles for sale, and updating for each order received data indicative of said number of collectibles in that record of the purchaser placing that order.

**With respect to claims 46, 47 and 48,** the Examiner asserts that col. 5, L 18-45 of Woolston discloses Appellants' purchaser database for storing a record of each purchaser that has placed an order in the course of the initial offering of the collectibles for sale. This passage fails to disclose such a passage, much less how its stored data about those purchasers that had bought at least one collectible.

Appellants respectively assert that Woolston does not issue all of his limited number of collectibles at one time, before transmitting them to the potential purchases at the terminals. In turn, the potential purchasers make their decisions to purchase the collectibles before returning them to the server where they are allocated. Appellants respectfully assert that Woolston does not allocate his limited number of collectibles.

**Independent Claim 73 recites:** A server designed to support an initial offering by an issuer of collectibles of a limited number of the collectibles via a plurality of remote terminals, each remote terminal operable by a potential purchaser to transmit over a network to said server

at least one order for the purchase of collectibles being offered for sale, each of the collectibles having an uncirculated condition, said server having a memory and being programmed to:

a) store in said memory an indication of the predetermined condition of each of, the price of each of and the limited number of the collectibles;

b) transmit to the plurality of remote terminals at least one offer for sale of the limited number of collectibles, the one offer having an indication of the predetermined condition of the one collectible, whereby at least first and second potential purchasers are enabled to actuate its remote terminal to transmit at least first and second orders for the one collectible to said server; and

c) process the transmitted first and second orders to allocate at least one of the limited number of collectibles among selected of the first and second potential purchasers and create for the successful purchaser of the one collectible a record in said memory for the collectibles allocated to the successful purchaser.

**Appellant asserts that Claim 73** solves the problem of using a server in a network, e.g., the Internet, whereby a server issues and transmits an initial offering of a limited number of collectibles via the network to a plurality of remote terminals. As defined by the noted Random House Unabridged Dictionary, the collectables are issued in the sense of offering them for sale and by placing them into circulation at one time. The server is programmed to construct and transmit to the plurality of terminals transmits an offer for the sale of the limited number of the issued collectibles. As a result, at least first and second potential purchasers are enabled to actuate its remote terminal to transmit at least one order for the one collectible. In turn, the

server receives and allocates at least one of the limited number collectibles among the first and second potential purchasers.

Appellants respectively assert that Woolston does not issue all of his limited number of collectibles at one time, before transmitting them to the potential purchasers at the terminals. In turn, the potential purchasers make their decisions to purchase the collectibles before returning them to the server where they are allocated. Appellants respectfully assert that Woolston does not allocate his limited number of collectibles.

**Claim 74 recites:** The server as claimed in claim 73, wherein the collectibles comprise trading cards.

**Claim 75 recites:** The server as claimed in claim 73, wherein each of the collectibles with the condition comprises a trading card in mint condition.

**Claim 76 recites:** The server as claimed in claim 73, wherein each of the collectibles with the condition comprises uncirculated trading cards.

**With respect to claims 74, 75 and 76,** Appellants assert that specifying the particular kind of collectible provides a clearer understanding of what the collectibles are (trading card, trading cards in mint condition and uncirculated cards) provide specific embodiments and the nature of the condition of these cards.

**Claim 59 recites:** The server as claimed in claim 73, wherein said server is programmed to respond to each order received from one of the purchasers to update said record of the one purchaser.

**Claim 60 recites:** The server as claimed in claim 59, wherein said server engine updates said records of said purchaser with data indicative of the collectibles allocated during the initial placement.

**Claim 61 recites:** The server as claimed in claim 60, wherein said server engine is programmed to respond to messages from certain of the purchasers to place in escrow selected of their collectibles that were allocated during the initial placement, by updating said records of said certain purchasers with data indicative of the collectibles held in escrow.

**With respect to claims 59, 60 and 61,** please refer to Appellants' analyses as set out in page 43 of Appellants' Brief of these claims with reference to recitation 73d and the teachings of Col. 5 L 48-54. The undersigned's review of this passage indicates that Woolston stores data indicative of the possession and ownership of a collectable, in contrast to Appellants' updating the record of the one purchaser as recited in claim 59. Further, claim 60 teaches data indicative of allocating collectibles during the initial placement which is not taught by Woolston.

**Independent Claim 77 recites:** A method of offering for sale collectibles of a predetermined condition on a primary market and on a secondary market, said method comprising the steps of:

- a) offering for sale to one or more prospective purchasers an initial placement of one or more selected collectibles on the primary market;
- b) receiving orders from prospective purchasers on selected of the collectibles and allocating the one or more selected collectibles to one or more of the successful purchasers;

- c) offering for sale at the direction of the one successful purchaser selected of the allocated collectibles on a secondary market;
- d) maintaining the predetermined condition of the collectibles during steps a), b) and c), whereby the allocated collectibles are of the predetermined condition; and
- e) facilitating at least steps a), b) and c) by a programmed computer.

**Appellants' Claim 77:** seeks to protect a method of offering for sale collectables on both of a primary market and a secondary market. Initially, an initial placement of at least one collectible is offered for sale on the primary market to at least one prospective purchaser. Next, an order for selected collectibles is received by the prospective purchaser, before one or more selected collectibles are allocated to at least one successful purchaser. Next, at least one successful purchaser offers at least one allocated collectible on the second market. The condition of the one collectible is maintained during each of the steps of offering the purchaser for sale, receiving of the orders from the prospective purchaser and the offering for sale of the allocated collectibles on the secondary market.

**The Examiner maintains** that the recitations of “initial placement” and “primary market” of claim 77 should be interpreted as being “non-functional “ data, “because they do not alter the substrate or manipulative (sic) functionality of the processes of claim 77.” Thus this recitation of 77a) should read “offering for sale to one or more prospective purchaser one or more collectible on the (primary) market”, i.e., the term primary is removed from the recitation 77a). The undersigned respectively asserts as explained above with respect to the Second Argument that *Graham v. Deere* and *Gulack* do not support the Examiner’s position. The Supreme Court’s

*KSR* and *Graham* require that a 35 U.S.C. 103 or 102 decision requires that all of the recitation of a claim must be decided as a whole. Claim 77 recites when considered as a whole that the condition of the collectibles is maintained and, further, that the conditions of the collectibles are maintained through the series of steps of this claim.

**The Examiner notes** that at least in the general case, one skilled in the art would appreciate that maintaining the condition of the collectable would be known. On the other hand, the undersigned strongly urges that the recitations of claim 77 do merely recite a relatively simple system as contemplated by the Examiner, but rather deals with maintaining the condition of a card that is offered for sale on the primary and secondary markets, enabling the prospective purchasers to receive and allocating the purchased collectable to at least one successful purchaser, whereby the condition of the allocated collectible is maintained from the initial placement, and while purchasing and selling the collectible on the primary and secondary markets. The undersigned respectfully asserts that maintaining the condition of this complex method is beyond mere common sense and requires more than the usual skill in the art.

**Claim 78 recites:** The method of offering for sale collectibles as claimed in claim 77, further including the step of limiting the number of collectibles of one kind to be offered for sale on the primary market.

**With respect to claim 78,** the Examiner asserts that lowering the number of collectables to offered on the initial placement is inherent, but fails to provide any basis for his assertion. Review of col. 3 L 41-46 provides no teaching of the further limiting of the number of collectibles.

**Claim 79 recites:** The method of offering for sale collectibles as claimed in claim 77, wherein the collectibles comprise trading cards.

**Claim 80 recites:** The method of offering for sale collectibles as claimed in claim 77, wherein said offering for sale on the primary market is carried out for a selected, predetermined period of time.

**With respect to claim 80,** the Examiner refers to the response to his arguments regarding claims 36-38. Based on Col. 1 L 52 – 67, the Examiner asserts “that the period of time for initially offering the collectibles phases of the market offering of collectibles...” may be controlled. The undersigned has reviewed the cited passage and finds that it is not pertinent to controlling the predetermined time of the time period of the primary market.

**Claim 81 recites:** The method of offering for sale collectibles as claimed in claim 77, further including the step of predetermining said number of collectibles to be offered for sale on the primary market before said step a) of offering for sale on said primary market begins.

**Claim 82 recites:** The method of offering for sale collectibles as claimed in claim 81, wherein said step of allocating counts the number of collectibles for which orders have been placed.

**With regard to claims 81 and 82,** the Examiner requests Appellants to “please refer to respond under claim” \_\_\_\_\_ (claim number not supplied). Appellants request that the claim number be supplied so that Appellants can respond to claims 81-85.

**Claim 83 recites:** The method of offering for sale collectibles as claimed in claim 82, wherein said step of allocating further compares said number of counted collectibles with said predetermined number of collectibles.

**Claim 84 recites:** The method of offering for sale collectibles as claimed in claim 83, wherein if said counted number of collectibles exceeds said predetermined number of collectibles, said step of allocating reduces the number of collectibles to be allocated in accordance with a predefined algorithm.

**Claim 85 recites:** The method of offering for sale collectibles as claimed in claim 84, wherein there is further included a step of maintaining a record of the purchasing activity of each purchaser, said algorithm allocating the number of collectibles to one or more purchasers as a direct function of said purchasing activity of the one purchaser.

**Claim 86 recites:** The method of offering for sale collectibles as claimed in claim 77, wherein there is further included the step of providing lots of the collectibles for offering for sale on the primary market.

**Claim 87 recites:** The method of offering for sale collectibles as claimed in claim 86, wherein there is further provided the step of providing collectibles of different kinds, and assembling the collectibles into lots such that each lot of the collectibles are of the same kind.

**Claim 88 recites:** The method of offering for sale collectibles as claimed in claim 77, wherein there is further provided the step of enabling the one successful purchaser of collectibles on the primary market to elect to have an offering for sale or to facilitate an administrator to hold its purchased collectibles in escrow.



**Claim 89 recites:** The method of offering for sale collectibles as claimed in claim 88, wherein the administrator holds the purchased collectibles of the successful purchasers in a benign environment.

**Claim 90 recites:** The method of offering for sale collectibles as claimed in claim 88, wherein the one successful purchaser elects to offer for sale its purchased collectibles on the secondary market.

**Claim 91 recites:** The method of offering for sale collectibles as claimed in claim 88, wherein the enabling step enables the one successful purchaser to request the administrator to deliver the purchased collectibles to the corresponding one successful purchaser.

**Claim 92 recites:** The method of offering for sale collectibles as claimed in claim 77, wherein there is further included the steps of providing a purchaser history database for keeping a record of each purchaser that has placed an order in the course of said offering for sale on said primary market, and updating data indicative of each collectible and held in escrow in that record of the purchaser holding the escrowed collectible.

**Claim 93 recites:** The method of offering for sale as claimed in claim 77, wherein each of said purchaser's orders received in step b) includes a number of the collectibles wanted by the purchaser.

**Claim 94 recites:** The method of offering for sale as claimed in claim 77, wherein there is further included the step of predefining the number of collectibles before carrying out said step of offering for sale on the primary market.

**Claim 95 recites:** The method of offering for sale as claimed in claim 94, wherein there is further included the step of providing a purchaser history database for keeping a record for each purchaser that has placed an order in the course of said offering for sale on the primary market, and updating for each order data indicative of said number of collectibles in that record of the purchaser placing that order.

**Independent Claim 110 recites:** A server for facilitating an issuer of collectibles to manage an initial offering of the collectibles of a determined condition for sale, said server having a memory and being programmed to:

- a) store the determined condition of the collectibles that are offered for sale;
- b) transmit over a network from the server to selected of a plurality of potential purchaser stations an initial offering for a predetermined time of a limited number of the collectibles for sale and bearing an indication of the condition of the collectibles;
- c) allocating in response to orders transmitted to the server from the responding purchasers selected of the collectibles among selected of the responding purchasers; and
- d) creating a record in the memory for each of the selected purchasers.

**Claim 111 recites:** The server for managing the offering of collectibles of a determined condition for sale as claimed in claim 110, wherein the server is further programmed to facilitate an administrator to maintain at least the limited number of collectibles in the determined condition during the offering for sale of the collectibles, and the message comprises a guarantee made

by the administrator that the limited number of collectibles initially offered for sale are of the determined condition indicated by the message.

**Claim 112 recites:** The server for managing the offering of collectibles of a determined condition for sale as claimed in claim 110, wherein the server is further programmed to store the number of the collectibles allocated to a selected purchaser into the record of that purchaser.

**Claim 113 recites:** The server for managing the offering of the collectibles of a determined condition for sale as claimed in claim 110, wherein the server is programmed to receive and process commands from the selected purchasers to which at least one collectible was allocated to place its allocated one collectible for sale to other potential purchasers.

**Claim 114 recites:** The server for managing the offering of the collectibles of a predetermined condition for sale as claimed in claim 113, wherein the server is programmed to receive a command from the one selected purchaser to which the one collectible was allocated to transmit the allocated collectible to the selected purchaser in a protective case, whereby the condition of the allocated collectible is maintained.

**With regard to claims 110 to 114,** the Examiner has not commented in his Answer on the rejection which was applied to these claims. Appellants continue to rely on that analysis which was presented to the Examiner in Appellants' Reply Brief.

**ARGUMENT: The Seventh Ground of Rejection Reviews Whether the Examiner Has Constructed a Record that Satisfies the "Sufficient Evidence" Standard to Conclude that Claims 96-101, and 137-141 are Obvious Under 35 U.S.C. § 103(a) over U.S. Patent Nos. 5,845,265 or 6,266,651 of Woolston in View of U.S. Patent No. 6,606,608 of Bezos.**

**Independent Claim 96 recites:** A method of facilitating an issuer of collectibles to manage an initial offering for the sale of a limited number of the collectibles of a predetermined condition, said method implemented by a computer programmed to effect the steps of:

- a) storing in a memory the determined condition of and the limited number of the collectibles;
- b) communicating to potential purchasers a message offering to sell the collectibles and specifying the determined condition and the limited number of collectibles offered for sale;
- c) receiving orders from the ordering potential purchasers; and
- d) allocating the offered collectibles among selected of the ordering potential purchasers.

**Appellant asserts that Claim 96** is similar to claim 73, both briefly reciting: 1) a method of facilitating an issuer of collectibles --; 2) storing the predetermined condition of the collectable ---; 3) sending a message offering to sell at least one collectable --; 4) receiving at least one order from potential purchasers--; and 5) allocating the offered collectable to a potential purchaser. The Examiner's attention is drawn to Appellants detailed argument that Woolston does not disclose Appellants' issuer of collectibles. Further, U.S. Patent No. 6,606,608 of Bezos also do not disclose an issuer of the collectibles.

**Claim 97 recites:** The method of managing as claimed in claim 96, wherein there is further included the step of creating a record in the memory for each successful purchaser to which collectibles were allocated.

**Claim 98 recites:** The method of managing as claimed in claim 97, wherein said creating step includes the substep of storing the determined condition of the collectibles in the record of its successful purchaser.

**Claim 99 recites:** The method of managing as claimed in claim 96, wherein the collectibles comprise trading cards.

**Claim 100 recites:** The method of managing as claimed in claim 96, wherein the collectibles of the predetermined condition comprise trading cards in mint condition.

**Claim 101 recites:** The method of managing as claimed in claim 96, wherein the collectibles of the predetermined condition comprises uncirculated trading cards.

**With respect to claims 96 to 104,** the Examiner is apparently attempting to apply a non-functional descriptive material/printed matter rejection as applied by the Examiner against Claim 77. Appellants rely with respect to claims 96 to 104 on the argument and discussion on this test as found in the Second Ground of Rejection Reviews Whether There is a Proper Basis For the So-Called “Non-Functional Material Rejection,” as set out at page 12 et seq. in this Reply Brief.

**Independent Claim 137 recited:** A method of facilitating at least one administrator to manage the sale of at least one collectible to at least first and second purchasers on a primary market and a secondary market respectively, the method comprising the steps of:

- a) determining the condition of the one collectible;
- b) facilitating the administrator to introduce the one collectible for sale on the primary market;

- c) effecting the sale of the one collectible on the primary market to the first purchaser;
- d) facilitating the first purchaser to offer for sale the purchased one collectible on the secondary market;
- e) effecting the sale of the one collectible from the first purchaser to the second purchaser on the secondary market;
- f) implementing steps b) - e) by a programmed computer; and
- g) maintaining the condition of the one collectible throughout the primary and secondary markets, whereby the one administrator may guarantee the determined condition of the one collectible to at least the first and second purchasers.

**With regard to Claims 137**, both the undersigned and the Examiner note that claims 137 and 77 protect a similar invention in the form of a method of introducing at least one collectible for sale on a primary market, effecting a sale of at least one collectible, allocating selected collectibles to successful purchasers, offering for sale the purchased collectible, and effecting the sale of the collectible from the first purchaser to the second purchaser. Appellants apply the analysis of claim 77 to overcome the rejection of 137. See page 24 of the Examiner's Answer.

The Examiner holds that step 137e) of "effecting the sale of the collectible from the first purchaser to the second purchasers---is inherent because the (secondary market) has a plurality of participants and the collectible is sold to a second participant from the first participant --." The undersigned requests clarification of how the proposed inherency is established with respect to claims 137 – 141, and whether the Examiner will not give patentable weight to recitation 72e).

138. The method of facilitating at least one administrator as claimed in claim 137, wherein step f) of maintaining the condition comprises the step of keeping the one collectible in a benign environment.

139. The method of facilitating at least one administrator as claimed in claim 137, wherein step f) comprises the step of encapsulating the one collectible in a protective housing.

140. The method of facilitating at least one administrator as claimed in claim 139, wherein there is a second administrator, the second administrator having a secondary market, and there is further included the step of determining whether the protective housing has been tampered with and, if not, facilitating the second administrator to offer the one collectible of the determined condition for sale on the secondary market of the second administrator.

141. The method of facilitating at least one administrator as claimed in claim 139, wherein the one administrator continues to guarantee the condition of the one collectible as long as the protective housing remains in tact.

**ARGUMENT: The Eighth Ground of Rejection Reviews Whether the Examiner has Constructed a Record that Satisfies “the Sufficient Evidence” Standard to Conclude that Claims 131-136 are Obvious Under 35 U.S.C. § 103(a) over U.S. Patent Nos. 5,845,265 or 6,266,651 of Woolston and that Any Difference in the Aforementioned Claims and the Cited References is Disclosed by the Subject Matter of which the Examiner has Taken Official Notice.**

**Independent Claim 131 recites:** A method of managing the initial offering for sale of collectibles, the method comprising the steps of:

- a) keeping the collectibles of a predetermined condition in a protective environment;

- b) initially offering for sale to potential purchasers the collectibles on an initial market;
- c) determining the successful purchasers of the collectibles in the initial market; and
- d) provide each successful purchaser the option to remove its collectibles, in the same predetermined condition, from the protective environment or to continue to keep the collectibles in the protective environment; at least said steps b) - d) being implemented at least in part by a programmed computer.

**Claim 131** relates to managing the initial offering for sale collectibles. First, the collectibles are kept in a protective environment. The collectibles are offered for sale on the initial offering to potential purchasers. Next, the successful purchasers of the collectibles are determined, before each successful purchaser is 1) given the option to remove at least one collectible from the protective environment, or 2) continue to keep one collectible in the protective environment.

Appellants respectfully assert that Woolston and in particular its passages (col. 13 L6-13; and col. 3 L36-41) do not teach that when a purchaser successfully purchases a collectible, Appellants initiates an option as recited in claim 131 whereby the successful purchaser has the option to remove a purchased collectible from the protective environment or to forward the collectible to the successful purchaser. By contrast, Woolston allows "a participant to electronically purchase goods from a consignment node --- or the participant may take electronic



legal ownership of a good and post a new participant defined offer or reserve price.”

Further, Woolston (col. 13, L15-17) contain no teaching as to the condition of the collectible or a protective environment for storing a collectible.

**Claim 132 recites:** The method of managing as claimed in claim 131, wherein if a successful purchaser opts to remove its collectibles, the collectibles to be removed are disposed in a protective housing.

**With regard to claim 132** the Examiner holds that one recitation of dependent claim 132 and its independent claim 131, namely “the collectibles to be removed are disposed in a protective housing,” is non-functional and therefore is not given patentable weight. In particular, the Examiner only analyses the recitation concluding that collectibles are” disposed in a protecting housing” or otherwise will not effect any manipulative process of the claim. As discussed above in the Second Ground Rejection, the process of analyzing for non-functional descriptive material may not merely focus on one recitation but rather must consider the invention as claimed as a whole, i.e., all of the recitations of the claim are tested. .

**Independent Claim 133 recites:** A method of facilitating an issuer of collectibles to manage the sale of at least one collectible from a first purchaser to a second purchaser, said method comprising the steps of

- a) initially determining the condition of the one collectible;
- b) facilitating the first purchaser to offer its one collectible for sale;
- c) constructing a data base with first and second records respectively for the first and second purchasers;

d) transferring the ownership of the one collectible from the first purchaser to the second purchaser by deleting the one collectible from the first record and adding the one collectible to the second record;

e) said steps b) - d) being implemented by a programmed computer; and

f) maintaining the condition of the one collectible at least during the step b), whereby the condition of the collectible sold to the second purchaser may be guaranteed by the issuer to be the initially determined condition.

**Claim 133** relates to managing the sale of at least one collectible from a first purchaser to a second purchaser, wherein there are provided first and second records for storing data indicative of the first and second purchasers respectively. To exchange the ownership from the first purchaser to the second purchaser, the ownership of the one collectible is transferred from the first record to the second record by deleting the one collectible from the first record and adding the one collectible to the second record. The steps of facilitating, constructing, and transferring are implemented by a programmed computer. The conditioning of the one collectible is maintained at least during the step of offering the collectible for sale.

Close scrutiny of the cited passage of Woolston (Col. 12 L59-64) indicates that Woolston discloses that the “consignment node then --- transfers the legal ownership 408 of the good by changing the ownership entity in the data record in the consignment node of the” in contrast to Appellants’ transfer of the collectables’ data from the first record to the second record.

**Claim 134 recites:** The method of managing the sale of at least one collectible as claimed in claim 133, wherein step f) keeps the one collectible in the benign environment during at least steps b), c) and d).

**With regard to claim 134,** the Examiner holds that collectibles may be held in a benign environment during the steps of facilitating the first purchaser to offer a first collectibles for sale, constructing a data base, and transferring the ownership of the one collectible for one purchaser to another. The Examiner asserts that keeping collectibles during these times is variously known by one skilled in the art or is inherent. The Appellant applies its analysis as used in claim 77 to this claim. Appellant asserts that the application of the benign environment presents a significantly more complex problem and requires a skill higher in the art and beyond mere common sense.

**Claim 135 recites:** The method of managing the sale of at least one collectible as claimed in claim 134, wherein step d) further transfers the ownership of the one sold collectible from the second purchaser to a third purchaser, and step c) further constructs the data base with a third record for the third purchaser.

**Claim 136 recites:** The method of managing the sale of at least one collectible as claimed in claim 135, wherein step d) further transfers the ownership of the one collectible from the second purchaser to the third purchaser by deleting the one collectible from the second record and adding the one collectible to the third record.

**With regard to claims 135-136,** claim 135 recites that a third record is added to the database, whereby claim 136 transfers the ownership of the one collectible from a second

purchaser to a third purchaser by deleting the one collectible from the second record and adding it to the third record. The undersigned has reviewed a portion of Woolston col. 12 L 59-62 without finding the above claimed records and the adding and/or deleting of the collectibles.

**With respect to claims 135 and 136**, there is described a record for each of three purchasers, whereby the second purchaser transfers the ownership of a sold collectible from the second purchaser to the third purchaser. Claim 136 further recites that the ownership of the second collectible is transferred to the third collector simply by deleting the one collectible from the second record and adding it to the third record. The passage suggested by the Examiner merely discloses changing “the ownership entity in the data record in the consignment node of the good.” Woolston discloses only one record and transfers ownership of it by changing the ownership entity in a single record. By contrast in claim 135, Appellants deletes one collectible from the second record and adds it to the third record.

**ARGUMENT: The Ninth Ground of Rejection Reviews Whether the Examiner has Constructed a Record that Satisfies “the Sufficient Evidence” Standard to Conclude that Claims 41, 43, 62-69, and 115-118 are Obvious under 35 U.S.C. § 103(a) over U.S. Patent Nos. 5,845,265 or 6,266,651 of Woolston, and is Disclosed by the Subject Matter of Which the Examiner has Taken Official Notice, is Inherent in View of the Cited Reference, and/or that Any Difference in the Aforementioned Claims and the Cited References is “Non-Functional Descriptive Material” and Therefore is Ignored in Determination of Patentable Subject Matter.**

**Claim 115 recites:** A method of facilitating an issuer of collectibles to manage the sale and distribution of at least one collectible from a source to at least one purchaser, said method comprising the steps of:

- a) offering the one collectible of a predetermined condition for sale;

- b) effecting the sale of the one collectible of the determined condition to the one purchaser;
- c) receiving a request of the one purchaser to distribute from the source its one sold collectible and responding to the request by encapsulating the one sold collectible, whereby the determined condition of the one sold collectible is continued to be maintained;
- d) maintaining the predetermined condition of the one collectible at least during steps a) and b) until the one collectible is encapsulated, whereby the issuer is enabled to guarantee the condition of the encapsulated collectible;
- e) said steps a) - c) being implemented by a programmed computer; and
- f) distributing the encapsulated collectible from the source.

**Claim 115** relates to a method of enabling an issuer to manage the sale of at least one collectible from a source to at least one purchaser. The one collectible is of a predetermined condition and is offered for sale. Next, the collectible of a certain condition is sold to the collector. The purchaser receives a request to distribute from the source at least one old collectible, before responding to the request by encapsulation the collectible, whereby the condition of the collectible is maintained. The steps of offering, effecting the sale and receiving a request are carried out by a programmed computer. Finally the encapsulated collectible is distributed from the source.

**The Examiner often fails to provide a rationale or evidence that would show inherency of a non-disclosed element or step.**

**To Take Official Notice The Examiner Must Provide A Sound Basis.**

In certain circumstances where appropriate, an Examiner may take Official Notice of facts not in the record or rely on “common knowledge” in making a rejection, however such rejections should be judiciously applied.

The standard of review applied to findings of fact is the “substantial evidence” standard under the Administrative Procedure Act (APA). See *In re Gartside*, 203 F.3d 1305, 1315, 53 USPQ2d 1769, 1775 (Fed. Cir. 2000). See also MPEP §1216.01. The recent Federal Circuit decisions and the substantial evidence standard of review now applied to USPTO Board decisions, the Examiner is guided in determining when it is appropriate to take Official Notice of Facts without supporting documentary evidence or to reply on common knowledge in the art in making a rejection, and if such Official Notice is taken, what evidence is necessary to support the Examiner’s conclusion of common knowledge in the art.

Official Notice without documentary evidence to support an Examiner’s conclusion is permissible only in some circumstances. While “Official Notice” may be relied on, these circumstances should be rare when an application is under final rejection or action under 37 CFR 1.113. Official Notice unsupported by documentary evidence should only be taken by the Examiner where the facts asserted to be well-known, or to be common knowledge in the art are capable of instant and unquestionable demonstration as being well-known. As noted by the court in *In re Ahlert*, 424 F.2d 1088, 1091, 165 USPQ 418, 420 (CCPA 1970), the notice of facts beyond the record which may be taken by the Examiner must be “capable of such instant and

unquestionable demonstration as to defy dispute “ (citing *In re Knapp Monarch Co.*, 296 F.2d 230, 132 USPQ 6 (CCPA 1961).

If such notice is taken, the basis for such reasoning must be set forth explicitly. The Examiner must provide specific factual findings predicated on sound technical and scientific reasoning to support his or her conclusion of common knowledge. See *Soli*, 317 F.2d at 946, 37 USPQ at 801; *Chevenard*, 139 F.2d at 713, 60 USPQ at 241. The Appellant should be presented with the explicit basis on which the Examiner regards the matter as subject to Official Notice so as to adequately traverse the rejection in the next reply after the Office Action in which the common knowledge statement was made.

**The Examiner Errs By Taking Official Notice Of Subject Matters That Are Not Capable Of Instant And Unquestionable Demonstration.**

Appellants respectfully traverse the Examiner taking Official Notice of a plurality of separate elements comprising a protective casing, a tamper evident and a benign environment, which were recited against the related claim 71 and deemed by the Examiner to be old and well known. See page 60 of the Examiner's Answer dated March 03, 2009. The Examiner admits that Woolston, or for that matter any other prior art, does not teach any of the above listed collectible protecting mechanisms.

Official Notice without documentary evidence to support the Examiner's conclusion is permissible only in a limited number of circumstances. Official Notice unsupported by documentary evidence should only be taken by the Examiner where the asserted facts are well-known, are available as common knowledge, and/or are capable of instant and unquestionable

demonstration. While Official Notice may be relied on, these circumstances (such as in the subject Appeal of the related application to the Board of Appeal and Interferences) should be rare when an application is under Final Rejection.

While Appellants concede that each of the “protective casing” or “benign environment” or a “tamper evidence” device, as considered *per se* is suitable for Official Notice, the use of such device in Appellants’ combination, as only Appellants have taught, are not suitable for Official Notice. For example as claimed in claim 71, Appellants’ invention involves a) “facilitating an issuer of collectibles”, b) “initially offering for sale of the collectible” c) “receiving orders from purchasers,” and “allocating the offered collectibles,” and d) “maintaining the condition of the collectibles during steps a), b) c) and d)” --. Appellants respectfully assert that their steps a), b), c) and d) differ significantly from each of the “protective casing” or the “benign environment” or the “tamper evident” device that the Examiner has asserted as being Appellant’s invention.

In view of the above discussion, Appellants respectfully assert that their method as comprised of steps a), b), c) and d) are not capable of instant and unquestionable demonstration as to defy dispute and, thus, are certainly not suitable for taking Official Notice.

Appellants further assert that the rational barring of the Examiner from taking Official Notice with respect to claim 71 is also fully applicable to the other of the following claims: 1) claim 52, at page 23 of the Examiner’s last Answer dated March 03, 2009; 2) claims 104-107, at page 60 of the Examiner’s last Answer; and 3) claim 115 at page 24 of the Examiner’s last Answer.



Inherent disclosure of a prior art reference may be relied upon in the rejection of claims under 35 U.S.C. 102 or 103. “The inherent teaching of a prior art reference, a question of fact, arises both in the context of anticipation and obviousness.” *In re Napier*, 55 F.3d 610, 613, 34 USPQ2d 1782, 1784 (Fed. Cir. 1995) (affirmed a 35 U.S.C. 103 rejection based in part on inherent disclosure in one of the references). See also *In re Grasselli*, 713 F.2d 731, 739, 218 USPQ 769, 775 (Fed. Cir. 1983). There is no requirement that a person of ordinary skill in the art would have recognized the inherent disclosure at the time of invention, but only that the subject matter is in fact inherent in the prior art reference. *Schering Corp. v. Geneva Pharm, Inc.*, 339 F.3d 1373, 1377, 67 USPQ2d, 1664, 1668 (Fed. Cir. 2003) (rejecting the contention that inherent anticipation requires recognition by a person of ordinary skill in the art before the critical date and allowing expert testimony with respect to post-critical date clinical trials to show inherency).

A rejection under 35 U.S.C. 102/103 can be made when the prior art product seems to be identical except that the prior art is silent as to an inherent characteristic. Where applicant claims a composition in terms of a function, property or characteristic and the composition of the prior art is the same as that of the claim but the function is not explicitly disclosed by the reference, the examiner may make a rejection under both 35 U.S.C. 102 and 103, expressed as a 102/103 rejection.

The Examiner must provide a rational or evidence tending to show inherency of non-disclosed element or step. The fact that a certain result or characteristic may possibly occur or be present in the prior art is not sufficient to establish the inherency of that result or characteristic.

*In re Rijckaert*, 9 F.3d 1531, 1534, 28 USPQ2d 1955, 1957 (Fed. Cir. 1993) (reversed rejection because inherency was based on what would result due to optimization of conditions, not what was necessarily present in the prior art); *In re Oelrich*, 666 F.2d 578, 581-82, 212 USPQ 323, 326 (CCPA 1981). “To establish inherency, the extrinsic evidence must make clear that the missing descriptive matter is necessarily present in the thing described in the reference, and that it would be so recognized by persons of ordinary skill. Inherency, however, may not be established by probabilities or possibilities. The mere fact that a certain thing may result from a given set of circumstances is not sufficient.” *In re Robertson*, 169 F.3d 743, 745, 49 USPQ2d 1949, 1950-51 (Fed. Cir. 1999) (citations omitted) (The claims were drawn to a disposable diaper having three fastening elements. The reference disclosed two fastening elements that would perform the same function as the three fastening elements in the claims. The court construed the claims to require three separate elements and held that the reference did not disclose a separate third fastening element, either expressly or inherently).

“In relying upon the theory of inherency, the Examiner must provide a basis in fact and/or technical reasoning to reasonably support the determination that the allegedly inherent characteristic necessarily flows from the teachings of the applied prior art.” *Ex parte Levy*, 17 USPQ2d 1461, 1464 (Bd. Pat. App. & Inter. 1990) (emphasis in original) (Applicant’s invention was directed to a biaxially oriented, flexible dilation catheter balloon (a tube which expands upon inflation) used, for example, in clearing the blood vessels of heart patients). The Examiner applied a U. S. Patent to Schjeldahl which disclosed injection molding a tubular perform and then injecting air into the preform to mold (blow molding). The reference did not directly state

that the end product balloon was biaxially oriented. It did disclose that the balloon was “formed from a thin flexible inelastic, high tensile strength, biaxially oriented synthetic plastic material.” id. at 1462 (emphasis in original). The Examiner argued that Schjeldahl’s balloon was inherently biaxially oriented. The Board reversed on the basis that the Examiner did not provide objective evidence or cogent technical reasoning to support the conclusion of inherency).

In *In re Schrieber*, 128 F.3d 1473, 44 USPQ2d 1429 (Fed. Cir. 1997), the court affirmed a finding that a prior patent to a conical spout used primarily to dispense oil from an oil can inherently perform the functions recited in appellant’s claim to a conical container top for dispensing popped popcorn. The Examiner had asserted inherency based on the structural similarity between the patented spout and appellants’ disclosed top i.e., both structures had the same general shape. The court stated:

Nothing in Schreiber’s [appellants] claim suggests that Schreiber’s container is of a ‘different shape’ than Harz’s [patent]. In fact, an embodiment according to Harz (Fig. 5) and the embodiment depicted in Fig. 1 of Schreiber’s application have the same general shape. For that reason, the examiner was justified in concluding that the opening of a conically shaped top as disclosed by Harz is inherently of a size sufficient to ‘allow several kernels of popped popcorn to pass through at the same time’ and that the taper of Harz’s conically shaped top is inherently of such a shape ‘as to by itself jam up the popped popcorn before the end of the cone and permit the dispensing of only a few kernels at a shake of a package when the top is mounted to the container.’ The examiner therefore correctly found that Harz established a prima facie case of anticipation.

“[T]he PTO can require an applicant to prove that the prior art products do not necessarily or inherently possess the characteristics of his [or her] claimed product. Whether the

rejection is based on ‘inherency’ under 35 U.S.C. 102, on ‘prima facie obviousness’ under 35 U.S.C. 103, jointly or alternatively, the burden of proof is the same ... [footnote omitted].” The burden of proof is similar to that required with respect to product-by-process claims. In re *Fitzgerald*, 619 F.2d 67, 70, 205 USPQ 594, 596 (CCPA 1980) (quoting *In re Best*, 562 F.2d 1252, 1255, 195 USPQ 430, 433-34 (CCPA 1977).

Appreciating that the recitations 73e) and 102e) are essentially identical to the recitation 77d) as reproduced above, Appellants request that the argument applied above can also be applied to claim 71).

**The Examiner Misinterprets the Prior Art References as being Inherently Taught by Woolston and or Bezos.**

The Examiner seeks to establish on inherency a rejection under 35 USC 102/103 of claim recitation 102e) based on the Woolston patent, but recognizes that Woolston fails to teach the recitation 102e) of “maintaining the predetermined condition of the collectibles throughout steps a) to d).” The Examiner seeks to overcome this lack of disclosure by arguing that the maintaining step 102 e) is inherent in Woolston’s disclosure. In particular, the Examiner states that “an entity holding the collectibles, such as the operator or the collectible nodes or the owner of the collectibles” determines whether the “storing or safeguarding the collectibles” is deemed appropriate.” As a result, the Examiner holds that “this step is inherent in Woolston reference (col. 2 L 44-46) which “establish a means for searching each others shops to locate hard to find collectibles items, and a means to electronically present good to a market.” The undersigned respectfully asserts that the above passage from Woolston is irrelevant to safeguard

or storing the collectibles, as deemed or controlled by the safeguard or the storing of collectibles.

“Further, the Examiner specifies that the condition of the collectible (col. 3 L 61-66) --- in which the collectibles are offered inherently requires maintaining the condition where the collectibles are offered for sale.” In particular, the passage (col. 3 L61-66 mentions the user in this instance invokes the consignment node to “build the database mode” and the invention initializes the digital comena 15. The user then “photographs or digitalizes the image of the particular Babe Ruth card.” The undersigned respectfully asserts that this passage provides a basis for concluding that the “collectibles are opened inherently requires maintaining the conditions with the collectibles that are offered for sale.” The Federal Circuit held in *Rijckaert* that to, “establish inherency, the extrinsic evidence must make clear that the missing descriptive matter is necessarily present is the thing described in the reference and that it would be so recognized by persons of ordinary skill.” In particular, the Examiner has not shown that the missing matter from the reference is necessarily present in the reference.

With reference to claim 102b), the Examiner urges in his Examiner’s Answer “that allocating of collectible is inherent because a consignment not offers the collectibles (such as antique pens) see col. 2 L 27-57, in an established electronic market for the collectibles to a plurality of participants, customers and collectors.” The Examiner relies on the passage from Woolston for its alleged teaching for inherently disclosing step b) of the Woolston patent claim 102 in terms of a network of consignment nodes and a low cost easy to use posting terminals for the virtual presentment of goods to market.” The fact that an assignment offers the collectibles does not also set for a certainty that Appellants allocating selected collectibles to

selected of potential purchasers. *In re Robertson*, 49 USPQ 743m 745, The Federal Circuit held that the “Inherency, however, may not be established by probabilities or possibilities . The mere fact that a certain thing may result from a given set of circumstances is not sufficient.” The Examiner’s “potential purchasers” do not qualify as an inherency. The Examiner has failed to provide a rationale of why it would be inherent that collectibles would be offered to the customers and collectors of the participants in this managing method. In particular, Woolston specifies that Applicants respectfully assert that the Examiner has failed to provide a rationale to who such inherency as based on Rijckaert.

With respect to claim 49b, the Examiner urges in his Answer urges that “since the consignment node establishes a market, inherently must offer for initial offering of antique pens and since they are antiques, operate on the consignment node,” as further described 2L 49-57. Woolston does not disclose an initial offering of the collectibles. Rather the collectibles marketed by Woolston are brought to its consignment node after the collectibles have been initially sold; such a marketing at best is a second offering. Having failed to find the disclosure of a primary offering, the Examiner adopts the argument that it would be inherent because “it must offer for sale initial offering of the antique pens.” The Examiner has merely stated the desired conclusion that it is inherent to have a primary offering, but fails to establish any rationale for such a conclusion. Thus in the absence of a reasonable rational, the Federal Circuit’s Rijckaert decision requires a holding that there is no valid disclosure of inherency .

Appreciating that the recitation 71e) is identical to the recitation 102e) as reproduced

above, Appellants request that the argument applied above to recitation 102e) be also applied to recitation 71e).

With respect to Claim 73a), the Examiner urges in his Answer that Woolston does not explicitly disclose the storing of an indication of the predetermined condition (of a collectible) but, rather, took the position that “ information on a good or collectible include (the) condition of a collectible” based on the rational that “since condition of a collectible is essential to a potential purchasers---.” Appellants respectfully assert that the Examiner has failed to find a rational that would satisfy the Federal Circuit’s *Rijckaert* decision. Therefore, Appellants respectfully insert that Woolston does not disclose the subject application.

With respect to dependent claims 59 and 60, the Examiner in his Answer urges that it is inherent to respond to each order from one of the purchaser to update the records of their particular purchaser because of the existence of the sold database 816 and shipped database 820.

In particular, Appellants respectfully assert that the Examiner’s rational does meet the requirements of the Federal Circuit’s *Rijckaert* decision.

Appellants believe that their position of inherency as stated in his Brief pages 77 to 81 is well taken. Basically, the examiners argues that it inherently follows that after carrying out steps a) and b) inherently results in carrying out step c). The Examiner states that maintaining the offering of the one collectible for sale and effecting the sale of that collector while carrying out both of these steps in a predetermined condition, which inherently causes step d) to encapsulate the collectable before it is transmitted to the purchaser. Inherently, these two steps do not necessarily cause in this instance the encapsulation of a collectible. For example, the issuer

could offer the collectible for sale and complete the sale of the collectible to the purchaser, and then keep the purchase collectible in a benign environment. Alternatively the purchase could sell the purchase collectible to a further purchaser, who would then store it a benign environment. In this regard, the undersigned respectfully asserts that encapsulating would not necessarily flow from effecting steps a) and b). The undersigned respectfully asserts that the Examiner's holding of inherency is not well taken and therefore should be withdrawn. Further, if the Examiner persists in his rejection, the undersigned respectfully requests that the Examiner articulate the basis for concluding that step d) occurs because that step inherently follows from the execution of steps a) and b).

The undersigned respectfully asserts "that the Examiner has improperly used inherency" and requests an explanation of his inherency explanation analysis. See pages 33 of the Examiner's Answer. The 71 analysis (see page 9 of the Examiner's Answer), the Examiner points out that paintings are kept in an environment that will not damage the paint of the painting and, further, that this teaching or protecting paints provides a teaching (as a matter of inherency and common sense) to maintain the condition of all collectables as they are being bought and sold. Appellants' teaching extends beyond just buying and selling collectibles. In claim 115, the problem sought to be solved is not merely buying or selling collectibles, but rather for providing protection from the time that the collectibles are being distributed from a source to at least one purchaser, offering the collectibles for sale, effecting the sale, receiving a request to distribute from the source and encapsulating the collectible. Appellants' protection is designed to protect the collectible over the life of the collectible and just not while it is being purchase or sold. For



example, Woolston does not disclose the comprehensive protection as extends from the source of the collectables, in the purchasing and selling of collectibles, and in the encapsulating as protected by claim 115. Further, Appellants enable the purchaser to buy a collectable and, then in turn, request that the purchased be sold. Woolston has a node which enables participants to buy or sell collectables but without protection for collectibles as they are distributed from their sources. Woolston shows in a field 956 of its Figure 13 a watch that is posted on Woolston's node, and a field 956 bearing the condition of the watch and indicating that it was "a gift to the previous owner." Though mentioned as being in mint condition, Woolston does not indicate what measures were take to ensure that the watch was protected after it was first bought to be a gift, and how was the watch treated up till the time that the done posted it on a node. It is apparent that Appellants solve a different problem than that facing Woolston. Therefore Appellants respectfully assert that the problem they solved required more than mere common sense and was disposed inherently in some unstated fashion from the either the purchase or sale of the collectibles.

**Claim 116 recites:** The method of managing the sale and distribution of the one collectible as claimed in claim 115, wherein the step d) of maintaining keeps the plurality of collectibles at the source in a protective environment, whereby their conditions are maintained.

**With respect to Claim 116,** the Examiner deems that Step d) of claim 115 recites, "maintaining the predetermined condition of the one collectible at least during steps a) and b) until the one collectible is encapsulated ---. Woolston disclose that the operator of the consignment nodes or its owner holds the collectibles in order to preserve the condition of their

collectible unit it is delivered to the purchaser,” The Examiner considers that “this step is inherent in Woolston because specifying the condition of the collectibles --- and delivering the collectible to the purchaser is essential to the successful operation of Woolston invention.” The Examiner errs in two respects. First, Woolston does not teach that it would be desirable to deliver the collectible to a purchaser. Second, the issue of inherency depends upon the scope of this claim, which is determined by all of the recitations that would include step a) of offering a collectable for sale and b) effecting the sale of the collectable. When the entire scope of the claim is considered (as required), Woolston does not inherently teach such a method.

**Claim 117 recites:** The method of managing the sale and distribution of the one collectible as claimed in claim 115, wherein the request of the one purchaser alternatively directs that the one sold collectible be distributed from the source to the one purchaser or the sold collectible be kept in its determined condition at the source.

Appellants maintain their position that claim 117 is patentable over Woolston based upon the same analysis as applied in their Brief at page 81.

**Claim 118 recites:** The method of managing the sale and distribution of the one collectible as claimed in claim 117, further including the step of alternatively maintaining the collectibles at the source in a protective environment after the sale of the one collectible or encapsulating the one collectible after its sale, whereby the plurality of collectibles are maintained at their determined conditions, whether they are kept at the source or distributed to the one purchaser.

**Claim 62 recites:** A method of managing the sale of uncirculated collectibles on a

primary market and on a secondary market and the maintenance of the collectibles in their uncirculated condition in a protective environment, said method carried out on a programmed computer to effect the following steps:

a) inputting to the programmed computer data as to the identity of a plurality of uncirculated collectibles maintained in the protective environment to keep the maintained collectibles in their uncirculated condition;

b) communicating an initial offering for sale of the uncirculated collectibles to prospective purchasers;

c) receiving and accepting a plurality of received orders whereby corresponding purchasers purchase the uncirculated identified collectibles; and

d) communicating with each of the purchasers who has purchased uncirculated collectibles a message prompting such purchasers to effect selected of the following:

i) to keep their purchased uncirculated identified collectibles in the protective environment,

ii) offer for sale on the secondary market to the prospective purchasers the uncirculated identified collectibles that had been purchased on the primary market, and

iii) forward the identified uncirculated collectibles to the corresponding one of the purchasers.

**With respect to Claim 62**, the Examiner asserts that the issue found in Claim 62 as to whether the recitation of "maintained in the protective environment to keep the maintained collectibles in their uncirculated condition" is not functionally related to the step of purchasing the offered collectibles and is therefore deemed to be Non-Functional Descriptive Material. The above Second Ground of Rejection Section prohibits such analysis of one recitation with another, but rather requires that the Functional Descriptive Material analysis be directed to the whole claim and to all of its recitations. Appellants analysis focuses on all of the recitations which serve to protect a collectible. In this example, analysis of claim 62 requires the focus on all of its recitations. The undersigned respectfully asserts that the Examiner errs when he only compares the step of keeping the collectibles in their uncirculated condition to the step of purchasing the offered collectible in second market.

Claim 62 is similar to claims 69 and 131. This claim manages the sale of collectibles in primary and secondary markets, wherein the collectibles are maintained in a protective environment. In turn, an initial offering of orders is made for the sale of the collectibles. In turn, the prospective purchasers receive and purchase the orders of the collectibles. Finally, the purchasers receive and accept an order, whereby the purchasers are prompted to select on the following: 1) keeping the collectibles in the protective environment, 2) offering for sale on the secondary market the collectible that had been purchased on the primary market, and 3) forwarding the collectibles to a corresponding one of the purchasers.

The Examiner has rejected claim 62 based solely of being Non-Functional Descriptive Material. The Examiners is respectfully requested to review the Second Ground of Rejection

which demonstrates that the printed matter rejection is not applicable to Appellants' invention and should be withdrawn.

**Claim 63 recites:** The method of managing as claimed in claim 62, wherein upon acceptance of an order from an ordering purchaser, data reflective of the accepted order is stored in a memory.

**Claim 64 recites:** The method of managing as claimed in claim 62, wherein there is included a memory comprising a plurality of storage locations, and upon acceptance of an order from a particular purchaser a corresponding one of the storage locations is dedicated to the particular purchaser and the data reflective of the accepted order of the particular purchaser is stored in the corresponding one storage location.

**Claim 65 recites:** The method of managing as claimed in claim 64, wherein each of the plurality of storage locations stores the purchasing activity of its purchaser.

**With respect to Claims 63, 64 and 65,** Appellants request that the analysis as set out in Appellants' Brief at page 17 is still applicable to the analysis as set out at page 30 – 31 of the Examiner's Answer. . In particular, Woolston does not disclose at col. 12 L 45-62 that "data reflective of the accepted order is stored in a memory. In particular, Woolston does not store data reflective of the accepted order. Further with respect to the Examiner's inherency rejection, the undersigned requests that the Examiner provides a basis for why the claimed response to the accepted order is inherent..

**Claim 66 recites:** The method of managing as claimed in claim 62, wherein there is further included the step of updating the purchasing activity of its purchaser in response to the

purchase on the primary market or the secondary market of at least one uncirculated collectible by its purchaser.

**With respect to Claim 66**, the Examiner asserts the recitation of “updating the purchasing activity of its purchaser in response to the purchase on the primary maker or the secondary market” is disclosed by Woolston at col.14 L 12+ and at col. 19 L 36-46. Both of these passages disclose that the users have “transactions” but neither disclose updating the purchasing activity is dependent on the accepted purchase.

**Claim 67 recites:** The method of managing as claimed in claim 62, wherein there is further included after step c) the further step of responding to an instruction from a particular purchaser to communicate with each of the prospective purchasers an offer to sell on the secondary market selected ones of the uncirculated collectibles of the particular purchaser.

**Claim 68 recites:** The method of managing as claimed in claim 62, wherein step c) further comprises a substep (iii) of prompting each such purchaser to alternatively request that its uncirculated collectibles be forwarded to the corresponding requesting purchaser.

**With respect to Claims 67 and 68**, a like analysis is also applicable to claims 67 and 68. With respect to claim 67, it recites “responding to an instruction from a purchaser to communicate with each of the prospective purchasers an offer to sell on the secondary market. Similarly, claim 68 recites “prompting each such purchaser to alternatively request that its uncirculated collectibles be forwarded to the corresponding requesting purchaser.” Appellants assert that there is no authority for the so-called Non-Functional Material test, and that patentable

weight must be given to these recitations. Since Woolston does not disclose either such recitations, claims 67 and 68 should be allowed.

**Independent Claim 69 recites:** A method of managing a server to support a plurality of prospective purchasers to transmit from corresponding remote stations over a network to the server orders for uncirculated collectibles and a protective environment to receive and maintain the uncirculated collectibles in their uncirculated condition, said method carried out by the programmed server to effect the following steps:

a) generating and transmitting from the server an initial offering for the sale of the uncirculated collectibles to the prospective purchasers;

b) receiving and accepting a plurality of received orders from corresponding ones of the ordering purchasers whereby corresponding purchasers purchase the uncirculated collectibles; and

c) generating and transmitting from the server to each of the purchasers who have purchased uncirculated collectibles messages prompting these purchasers to effect selected of the following:

i) keep their purchased uncirculated collectibles in the protective environment, and

ii) offer for sale on a secondary market to the prospective purchasers the uncirculated collectibles that had been purchased on the primary market.

The subject matter of claim 69 is similar to that claim 62 and gives a purchase the opportunity to maintain its uncirculated collectibles in a protective environment or to sell on the

secondary market the uncirculated collectibles that were purchased from the primary market.

Appellants will use the arguments and analysis that were applied by their Brief to the system protected by claim 62, also to present this analysis to the subject matter of claim 69

as presented in Appellants Reply Brief.

**ARGUMENT: The Tenth Ground of Rejection Reviews Whether the Examiner has Constructed a Record that Satisfies the Sufficient Evidence Standard to Conclude that Claims 119-130 are Obvious Under 35 U.S.C. § 103(a) Over U.S. Patent Nos. 5,845,265 or 6,266,651 of Woolston, and that Any Difference in the Aforementioned Claims and the Cited References is “Non-Functional Descriptive Material” and Therefore is Ignored for Determination of Obviousness and, Further, is Inherently Taught By the Above Noted References.**

**Claim 119 recites:** A method of managing the sale of collectibles on each of a primary market and a secondary market, each of the collectibles being of a predetermined condition, said method comprising the steps of:

- a) offering the collectibles of given conditions for sale on the primary market to potential purchasers;
- b) facilitating one or more original purchasers to purchase the collectibles of given conditions on the primary market and to offer to a subsequent purchaser at least one purchased collectible of a given condition on the secondary market; and
- c) facilitating one or more original or subsequent purchasers to offer for sale on the secondary market one or more sold collectibles to one or more original or subsequent purchasers, said steps a) - c) being implemented by a programmed computer.

**Claim 119:** relates to a method of offering at least one collectible for sale on a primary



market to a potential purchaser and, further, to facilitate at least one original purchaser to purchase the collectibles on the primary market and of offering to a subsequent purchaser at least one purchased collectible on the secondary market. Next, one original or subsequent purchaser offers for sale on the secondary market at least one sold collectible to one or more original or subsequent purchasers.

The Examiner asserts that Woolston sells collectibles on a wholesale tier and a retail tier (see col. 1 L 52-57) and teaches that such wholesale and retail tiers “correspond to the primary market and the secondary market” The above passage of Woolston indicates that the retail tier markets goods at retail prices and the wholesale tier market goods at whole sale or dealer to dealer prices. The undersigned asserts that Appellants do not necessarily market goods at different prices, but rather distinguishes Woolston by offering goods onto a first market to be purchased by a potential purchaser, before being offered onto the second market to be purchased by a subsequent purchaser.

The Examiner further holds that “the terms ‘primary’ and secondary” do not alter the process (substrate) of the claimed method , the examiner has not given patentable weight and properly interpreted as wholesale tier and retail tier of Woolston.” See page 35 of the Examiner Answer) The undersigned understands the Examiner’s rejection to mean that the Examiner hold that “primary markets” and “secondary markets” are non-functional material and, therefore are not considered to be patentable. Thus, according to the Examiner, the retail and whole sale tiers of Woolston may be interpreted as primary and secondary markets.

The Second Ground of Rejection, as discussed above, deals with weather Appellants’

claims are correctly interpreted in analyses under 35 U.S.C. 101, 102 and 103. As described above, Appellants' claims have been misinterpreted by not considering their claims as a whole. Rather, the Examiner has extracted one recitation to determine whether that recitation is functional or non-functional material. If a recitation is deemed to be non-functional, the Examiner will disregard that limitation for the purposes of interpreting the scope of Appellants' claims. Such claim interpretations clearly violates the holding of the Supreme Court's *KCR* and *Graham* decisions to consider only all of the recitations of a claim. Further, the Examiner continues to rely on *Gulack*, which relies on the so-called printed matter test and the requirement that functional material must interact with its substrate. This interpretation has been over ruled by *Beauregard* as described in the Second Ground of Rejection.

**Claim 120 recites:** The method of managing the sale of collectibles on each of the primary and secondary markets as claimed in claim 119, further including a step of determining the predetermined condition of each of the collectibles on sale on the primary market.

It is respectfully asserted that the Examiner has merely focused on the recitation 120 that requires determining of the condition of the collectibles on sale on the primary market. Rather, the Examiner must consider the claim as a whole, thus also requiring consideration of the recitations of claim 119 (including the steps of offering the collectibles for sale on the primary market, facilitating the purchaser of the collectibles on the primary market to offer purchased collectibles to the subsequent purchaser on the secondary market) as well as the recitations of claim 120. Thus, Appellants respectfully assert the claim considered as a whole is patentably distinct from Woolston.

**Claim 121 recites:** The method of managing the sale of collectibles on each of the primary and secondary markets as claimed in claim 120, further including the step of maintaining the predetermined condition of the collectibles at a source thereof in a benign environment.

**Referring now to claim 121,** and using the analysis applied to claims 119 and 120, the Examiner is required to consider not only the recitations of 121, but also the recitations of claims 119 and 120. Appellants respectfully assert that the invention as including all of the recitations of the claimed invention clearly and patentably distinguishes Woolston.

**Claim 123 recites:** The method of managing a sale of at least one collectible to at least one original purchaser on a primary market, a resale of the one sold collectible to at least one subsequent purchaser on a secondary market, and keeping track of these sale and resale of the one collectible respectively to the one original purchaser and to the one subsequent purchaser on a data base, said method comprising the steps of:

- a) responding to the sale on the primary market of the one sold collectible to the one original purchaser to create a record in the data base for receiving data identifying the one sold collectible and the one original purchaser who owns the one collectible;
- b) responding to the resale on the secondary market of the one resold collectible to the one subsequent purchaser to create a record in the data base for receiving data identifying the one subsequent purchaser of the one resold collectible; and
- c) said steps a) and b) being implemented by a programmed computer.

**Claim 123** is similar to claim 119 in at least two ways. First, this claim recites the purchasing and reselling by purchasers of collectibles on first and second markets and keeping

track of these purchases and sales on a database. First, an original purchaser responds to the sale of the one sold collectible by the original purchaser, which received data identifies the sole collectible and the original purchaser who owns the one collectible. Next, the subsequent purchaser responds to the resale on the secondary market of the one resold collectible to create a record in the data base for receiving data identifying the subsequent purchaser of the resold collectible.

The Examiner holds that the “primary market” and “secondary market” are non-functional descriptive matter whereby no patentable weight is give to these recitations Appellants respectfully assert that extracting and analyzing only these limited terms in contrast to all of the recitations of Appellants’ claim is in direct conflict with *Graham* and *KSR*. As discussed in detail in the Second Ground of Rejection and the analyses made in claims 77 and 119, the terms “primary market” and “secondary market” are not non-functional descriptive material and therefore should be given patentable weight to distinguish over Woolston.

Appellants respectfully assert that Woolston’s “for sale” and “sold” databases do not disclose their “original purchaser” record and “subsequent purchaser” record. As recited in claim 123, the “original purchaser” record keeps track of the data identifying the one sold collectible and the one original purchaser who wins the one collectible. The “subsequent purchaser” record keeps track of data identifying the one subsequent purchaser of the resold collectible. The Examiner respectfully traverses the Examiner’s statement that “Woolston” teaches “this database account for all purchasers who participate in the collectibles’ market, i.e., purchasers who post their collectibles for the first time and those successful purchasers who place their collectible for

resale--.” The undersigned has reviewed the following passage upon which the Examiner relies to support the above quoted statement: 1) Fig. 12. “sold” and “for sale” database; 2) col. 14 L57-63 and col. 5 L 30; and col. 5 L 30-34, and has not found any teaching that would provide support for the Examiner’s statement. Further the Examiner asserts that “the database inherently contains the claimed record of the purchasers.” By contrast, Appellants do not require all of the data from the purchasers and, in particular, does not store data until a collectible has been purchased, i.e., Appellants do not need to post data for the first time to store that date on a database. For these reasons the rejection of claim 123 should be withdrawn and passed to allowance.

The Examiner asserts that Appellant does not carry out the steps of a) and b) automatically by a programmed computer. Examiner notes that claim 123 does not include the term “automatically,” but rather discloses in recitation a) that the method respond to the sale of the one sold collectible to create a record in the database. Similarly in step b), the method responds to the resale on the secondary market of the one resold collectible to the one subsequent purchaser to create a record. Appellants respectfully assert that claim 123 clearly and patentably distinguish Woolston.

**Claim 124 recites:** The method of managing the sale and resale of the one collectible respectively on the primary and secondary markets as claimed in claim 123, wherein the sale of the one collectible includes the offering of collectibles to potential purchasers and receiving orders from the ordering potential purchasers, and said step a) responds to the receiving of each

of the orders of potential purchasers to create a record in the data base for receiving data identifying one of the potential purchasers.

**Appellants apply to claim 124** that analysis that which used to evaluate claim 123, as well as the analysis as described in that section of this Reply Brief, that is entitled “The Second Ground of Rejection Reviews Whether There is a Proper Basis for the So-Called “Non-Functional Material Rejection.”

**Claim 125 recites:** The method of managing the sale and resale of the one collectible respectively on the primary and secondary markets as claimed in claim 123, further including a step of maintaining the condition of the one collectible.

**Claim 126 recites:** The method of managing the sale and resale of the one collectible respectively on the primary and secondary markets as claimed in claim 125, further including a step of maintaining the condition of the one collectible during the sale of the one collectible on the primary market and the resale of the certain collectible on the secondary market.

**Claim 127** relates to the method of managing the sale and resale of the one collectible respectively on the primary and secondary markets as claimed in claim 125, wherein the step of maintaining the condition maintains the condition of the one collectible.

**Claim 127** relates to the managed sale of at least one collectable by first and second purchasers on primary and secondary markets respectively. Next, the one collectable is introduced for sale on the primary market to the first purchaser, before selling the one collectible on the primary market to the first purchaser. Then, the first purchaser offers for sale the purchased one collectible on the secondary market. Next, the offered one collectible is sold to the

second purchaser on the secondary market. Further, the conditions of the first and second markets are maintained.

Appellants respectfully traverse the Examiner's assertion that "effecting the sale of the collectible from the first purchaser to the second purchaser" inherently causes the collectable to be sold to the second purchaser. This invention has many other options including storing the

collectible and not selling it to the second purchaser or sending the collectible to the one purchaser.

**Claim 128 recites:** The method of managing the sale and resale of the one collectible respectively of the primary and secondary markets as claimed in claim 127, wherein the step of maintaining keeps the one collectible in a benign environment.

**In steps 125-128,** Appellants apply the analysis that was used to evaluate claim 71 as appear at pages 23 to 26 of Appellants' Reply Brief, and also to evaluate that portion of Examiner's Answer entitled "Woolston does not disclose maintaining the specified condition of the collectibles while the collectibles are being offered at steps a) and b) of claim 71 (see pages 9 and 10 of the Examiner's Answer.

**Claim 129 recites:** The method of managing the sale and resale of the one collectible respectively on the primary and secondary markets as claimed in claim 125, further including a step of receiving and responding to a request of the original purchaser to forward the one sold collectible and to encapsulate the one sold collectible, whereby the condition of the forwarded one collectible is maintained.

**Claim 130 recites:** The method of managing the sale and resale of the one collectible respectively on the primary and second markets as claimed in claim 125, further including a step of receiving and responding to a request of the subsequent purchaser to forward the one resold collectible to the subsequent purchaser and to encapsulate the one resold collectible, whereby the condition of the forwarded one collectible is maintained.

The undersigned has reviewed the Examiner's Answer, noting that the Examiner has not commented in his Answer on the patentability of following claims: 1) 86 – 95 (see pages 48 - 52 of the Appellants' Brief of 12/21/06); 2) 97 – 101 (see page 112 of the Appellants' Brief 12/21/06); 3) 110 – 114 (see pages 52 - 56 of Appellants' Brief of 12/21/06); and 4) 138 – 141 (see pages 61 and 62 of the Appellants' Brief of 12/21/06). Appellants apply the analyses that were presented by Appellants at the pages noted above of their Brief, to explain why the above listed claims are patentably distinct from Woolston.

**With respect to Claims 129 and 130,** there is a method of managing the sale and resale of a collectible on primary and secondary markets, whereby the condition of the collectible is maintained and a subsequent purchaser receives a response to a request from a subsequent purchaser to forward the collectible to the purchaser and to encapsulate the collectible, whereby the condition of the forwarded collectible is maintained. Appellants assert that their invention is more than an encapsulated collectible. In this invention, the subsequent purchaser of the collectible can request the purchaser to send a collectible to the purchaser and to encapsulate that collectible, whereby the condition of the forwarded collectible is maintained.



The undersigned has reviewed the Examiner's Answer, noting that the Examiner has not commented in his Answer on the patentability of the following claims: 1) 86-95 (see pages 48-52 of the Appellants' Brief of 12/21/06); 3) 110-114 (see pages 52-56 of Appellants' Brief). Appellants apply the answer that was presented by Appellants at the pages noted above of their Brief to explain why the listed claims are patentably distinct from Woolston.

### **CONCLUSION AND RELIEF REQUESTED**

The Examiner has failed to create a record that establishes a *prima facie* showing that the appealed claims 102, 103, 49-51, 56 and 57 are anticipated under 35 U.S.C. §102(e), and that the appealed claims 70, 41, 43, 82-85 and 104-109, 71, 72, 34-38, 44-48, 73-76, 73-84, 86-95, 73-76, 59-61, 96-101, and 110-141 are obvious under 35 U.S.C. §103(a). In particular, the Examiner has not produced a prior art reference or even a combination of such references that discloses each recitation of the above identified rejected claims. Further, the Examiner has rejected claims 71, 72, 34-38, 41, 43-48, 59-61, 73-76, 86-95, 110-115, 130, 82-85, 102, 104-109 and 115-130 as being nonfunctional descriptive material without providing a sufficient explanation or citation of authorities to support his rejection.

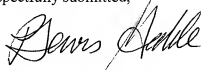
The Examiner has also misinterpreted the '531 Woolston patent when he asserts that this reference teaches among other steps or elements as detailed above the following aspects of Appellants' invention: 1) offering collectibles on an initial or primary offering; 2) an issuer of the collectibles, 3) keeping at least one collectible in a benign environment during at least the initial

placement of the collectibles; and 4) creating a record for a prospective purchase in response to receipt of an offer to purchase a collectible from the prospective purchaser. Appellants hereby reserve their right to request an oral hearing.

In view of the Examiner's failure to establish a *prima facie* showing that the claims were anticipated and/or obviated by the cited prior art, and/or to analyze an invention as a whole to determine whether or not Appellants' invention was functional or non-functional descriptive material. Appellants respectfully request that all of the present rejections as asserted by the December 10, 2007 Examiner's Answer be withdrawn and that this application be remanded to the Examiner with instructions to allow all of the claims 34-38, 41, that 43-52, 54-57 and 59 -141 presently under appeal

The Commissioner For Patents is authorized to charge any additional fees which may be required to Deposit Account No. 03-3415.

Respectfully submitted,



---

R. Lewis Gable  
Registration Number 22,479

Cowan, Liebowitz, Latman, P.C.  
1133 Avenue of the Americas  
New York, New York 10036-6799  
(212) 790-9200  
Fax No. (212) 575-0671